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City of Denton Discloses Parks Foundation Report and Findings

DENTON, TX, Feb. 16, 2018 – The City of Denton has released the final report and findings related to the recent review of the City’s relationship with the Denton Parks Foundation. The review was initiated by the City Auditor’s Office following an anonymous tip received through the City’s fraud hotline on Sept. 12, 2017, which raised concerns about financial transactions between the City and the Foundation. Following the departure of former City Auditor Craig Hametner, the City Council hired the law firm of Lynn, Ross, and Gannaway, LLP and accounting firm BKD, LLP to complete the review.

The scope of work included conducting interviews with City and Foundation staff; reviewing agreements between the City, the Foundation, and the Youth Sports Association; documents and transactions regarding the Foundation Morale Fund Account, Eureka 2 project, and Youth Sports Enhancement Fees; and the general processes and relationships between the City and the Foundation.

Representatives from Lynn, Ross, and Gannaway, LLP and BKD, LLP will present their findings to the City Council on Tuesday, Feb. 20 at the Council Work Session beginning at noon.

While there are many conclusions identified in the report, legal counsel did not find a violation of the Fraud Directive. Additionally, many of the findings center on the informality of the relationship between the City Parks Department and the Foundation, which was not clearly defined in the Service Agreement that expired on Sept. 30, 2017. The City Council and Parks Foundation will need to evaluate and consider potential options on how to move forward.

A copy of the final report is attached and available on the City’s website at www.cityofdenton.com.

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Parks Foundation Press Release Attachments

1. Presentation for City Council Work Session on Feb. 20, 2018
2. Lynn, Ross, and Gannaway, LLP Report on Findings
3. BKD, LLP Forensic Investigation Report



Gannaway/BKD Investigation for City of Denton

The City's Relationship with
the Denton Parks Foundation

Scope Period: October 1, 2012 through September 30, 2017

Background

- Concerns raised from a tip received from the City's anonymous hotline
 - Investigated by the City's Fraud, Waste & Abuse Committee about the relationship between the City of Denton Parks Department (Parks) and the Denton Park Foundation (Foundation)
- Questions had been raised about amounts City had sent to Foundation and whether the Foundation had a duty to return any of the funds
- Facility User Agreements – Fees assessed by City and given to Foundation
- Foundation selling advertisements to entities on City property
- Foundation usage of City staff and resources

Investigation Team

- Julia Gannaway, Attorney
 - Partner in law firm which specializes in municipal employment law
 - Over 24 years of legal experience working with state and local governmental entities
 - Conducted investigations for employers assessing legal exposure
- Todd Burchett, Partner
 - BKD's Forensics & Valuation Services, South Region Leader
 - CPA, CFF, CFE
 - Over 15 years of experience in investigations and litigated matters
 - Experience in dealing with media driven or citizen driven complaints
 - Case studies: OKC Disaster Relief Fund and City of Port Arthur, Texas
 - Expert witness experience

Investigation Team

- Julia Mast, Director
 - BKD's Forensics & Valuation Services
 - CPA, CFE
 - 12 years of experience in investigations and litigated matters
 - Experience in dealing with media driven or citizen driven complaints
 - Case studies: City of Port Arthur, Texas and Junction City, Kansas
 - Former City Treasurer and elected City Council Member for Pleasant Valley, Missouri
 - Expert witness experience
- Keith P. Seiffert, Managing Consultant
 - BKD's Forensics & Valuation Services
 - CPA, CFE
 - Over 6 years of experience in detailed financial analytics and vouching of general ledger amounts
 - Experience in dealing with preparing accounting evidence for use in arbitration, mediation and trial
 - Expert witness experience

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BKD

Scope of Work Requested – 1st Phase

- Assess the City's Internal Auditor's working papers and files
 - Read and analyzed documentation pulled by Internal Auditor and other members of Fraud, Waste and Abuse Committee, which included items such as:
 - Interview notes of City employees
 - Lighthouse Reports, included Lighthouse Reports not related to BKD investigation
 - Agreements between the City and the Foundation, Youth Sports Association
 - Various documents regarding the Foundation Morale Fund account, Eureka 2 project, Youth Sports Association Enhancement Fees
 - Email correspondence between City employees and Foundation

Scope of Work Requested – 1st Phase, cont'd

- Interviews of the City management to understand background on investigation and known progress as of date Lynn, Ross & Gannaway, LLP and BKD were engaged
- Evaluation of potential procedures to perform in additional phases
- Discussions with legal counsel

Scope of Work Requested – 2nd Phase

- Scope Period – October 1, 2012 to September 30, 2017
- Conduct interviews of City and Foundation personnel
- Obtain financial information and document the interactions between the Parties
- Analyze books, journal entries, transactions between parties, noting:
 - Potential conflicts of interest
 - Sources of Foundation revenue

Scope of Work Requested – 2nd Phase

- Obtain and read:
 - Policies and procedures
 - Minutes of City and Foundation
- Follow up on any open matters discovered by Fraud, Waste & Abuse Committee, and
 - Address areas of concerns raised

Scope of Work Requested – 1st & 2nd Phases

- The scope of our work did not include a full accounting of the City of Denton Parks Department or of the Denton Parks Foundation, nor did we perform a compilation, review or audit of financial statements.

Timeline

- On or about September 12, 2017, the City received an anonymous complaint related to the Foundation not reimbursing the City for costs on the Eureka 2 park project that the caller believed were owed to the City.
- In the days that followed, the City's Fraud, Waste & Abuse Committee began conducting an investigation and received several comments regarding the relationship between the City Parks Department and the Foundation.
- On October 4, 2017, the City sent a letter to the Foundation (the October 4 Letter) notifying them to temporarily suspend fundraising efforts on behalf of the City until a review was conducted. This letter was leaked by an unknown source to the news media. The determination of the source of the information was beyond the scope of our work.

Timeline, continued

- On October 13, 2017, the City released a statement to the public clarifying the October 4 Letter and communicating about the status of the City's Fraud, Waste & Abuse Committee work.
- On October 16, 2017, the City's Internal Auditor resigned for unknown reasons.
- On October 20, 2017, BKD was retained to initially assess the Internal Auditor's work and provide feedback to the City on potential next steps.
- In early November, BKD was retained through, and we have worked with the City's outside legal counsel, Julia Gannaway, to conduct the work we have performed, which is the subject of our report.

Concerns that were investigated

- Have the City Parks Department and Foundation representatives fairly represented the nature and amounts of transactions to the City Council?
- Does the City have a written policy that clearly defines how it was to conduct business with the Foundation?
- Should the City have been reimbursed for the two expenditures paid for the Eureka 2 project?
- Was the Mayor and City Council properly informed about their ROI in June 2016? Or, at any point before and after?

Concerns that were investigated

- Were there payments to City vendors who were also Foundation employees, and vice versa?
- What is the condition of the books and records of the Foundation?
- Did the Foundation comply with contractual obligations? (Legal)
- Were any violations of City's Fraud Directive uncovered? (Legal)
- Did City Council authorize the Foundation to place signage on City property? (Legal)
- Did the City Council authorize assessing Field Enhancement Fees and remitting those to the Foundation? (Legal)

Methods Used

- Analysis of information from a wide range of sources
 - Interviews
 - Analysis of applicable policies and procedures
 - City and Foundation accounting records
 - Internal memoranda
 - Minutes of City Council meetings
 - Minutes of Parks Foundation meetings

Methods Used

- Interviews

- Marc Culp, Foundation President – Interviewed cooperatively without condition.
- Simone Royster, Foundation Treasurer – Declined to participate in a face-to-face interview.
- Molly Tampke, Executive Director – Interviewed with her attorney present; was cooperative.
- Foundation Administrative Staff – Interviewed; was cooperative.
- City employees – Interviewed; were cooperative.

Cooperation Received from the City

- We asked for:
 - Full and complete access to personnel, books, records and documents.
 - A “let the chips fall where they may” investigation.
 - We would include areas that are warranted based upon the evidence that we uncovered during the investigation.
- We received a high level of cooperation from City personnel and officials.

Cooperation Received from the Foundation, continued

- We asked for:
 - Information from the Foundation pursuant to the City's contract with the Foundation.
 - Adequate records to establish that the City funds are used for the purposes authorized by the agreement between the parties.
 - Access to Foundation's books.
- We received:
 - The initial requests for information from the Foundation were provided.
 - A second request for additional information was resisted by the Foundation President.
 - The Foundation President was concerned that he did not know what the nature of our investigation was. We told him that we were working under the contract that the City had with the Foundation and that the Foundation was required to provide us access to their books and records.
 - Ultimately, the Foundation complied.

Cooperation Received from the Foundation, continued

- In written correspondence dated December 11, 2017, the Foundation President stated that it was unfair to conduct interviews without us offering more information about the nature of our investigation.
 - He stated that he would interview with us “without condition”.
 - He stated that he believed the entire process to be unfair, including whether any of the interviewees might want to consult with their legal counsel before submitting to our process.
- Two Foundation witnesses obtained legal counsel and resisted being interviewed without making demands for certain concessions from us.
 - These demands included a list of areas of inquiry, a list of questions to be answered, a statement from BKD, LRG and the City that our investigation would not involve anything for which violations of the penal code may be brought; insisting that responses would be provided only in writing, and, ultimately refusing to engage in a personal interview.
 - We interviewed one of these witnesses with her attorney present. We did not reach an agreement to interview the other witness, the Foundation Treasurer.

Conclusions

- Legal counsel did not uncover a violation of Fraud Directive
- Legal counsel found the parties complied with their contractual obligations
- Legal counsel found that City Council did not authorize the Foundation to place signage on City property
- Legal counsel found that City Council had not authorized assessment of Field Enhancement Fees
- These statements are based on the information that we were able to gather considering the scope and the limitations imposed by those we were not able to interview.

Conclusions

- The City did not have a written policy on how it was to conduct business with the Foundation.
- From time to time, City Council minutes provide information on the intent of a particular project or transaction. But other than those minutes and the 2017 Service Agreement, which was signed in February of 2017, there were not any communications that established a clear operating relationship between the City/Parks and the Foundation.
- The 2017 Agreement expired on September 30, 2017.

Conclusions

- Most interviewees noted that there were concerns regarding “blurred lines” between the two entities.
 - City/Parks employees were used on Eureka 2, including maintenance and marketing.
 - City/Parks employees were diverted for months from their typical work to assist with the Eureka 2 project.
 - City/Parks employees were requested to design and/or print off flyers promoting Foundation activities/events.
- From our analysis of the City Council minutes, our assessment is that the City Council did not know the full scope of the assistance and the amount of City time that went into a Foundation project.
- During much of the Scope Period, a City/Parks employee was tasked with keeping the Foundation books on a current basis and periodically reconciling with the official books kept by the Foundation Treasurer.

Conclusions

- In interviews with the City/Parks (former) Director, he:
 - Stated that the line has always been blurred, but Eureka 2 assistance required by the City helped expose this even further, “mainly due to the time crunch.”
 - Stated that he would tell potential donors to send donations through the Foundation because “it was easier to expend dollars,” expenses don’t have to go to bid, and “he could select” what projects he would want to do and how the money was spent. We have not found any evidence that the City management had any knowledge of this or gave approval or instructions to do this.
 - He indicated that he had influence on spending at the Foundation.
 - The Foundation has no written controls surrounding procurement. So, he had the ability to avoid the City’s restrictions on procurement by running purchases/expenses through the Foundation. In addition, we noted that there is no formal conflict of interest policy in place at the Foundation that we were provided.

Conclusions

- The usage of City/Parks personnel and the providing of other City resources to support the Eureka 2 project was far more than the \$173,828 amount identified in the payroll records incurred by maintenance employees. Interviewees indicated that the Foundation became accustomed to using City/Parks staff for certain administrative functions, and this caused frustration by City/Parks staff after the Eureka 2 project was finished.

Conclusions

- There is an ongoing disagreement between the City and the Foundation regarding two Eureka 2 expenditures that the City paid when the Foundation was building that project. At the time, the Foundation did not have the funds to cover the amounts that were due. The payments were for:
 - Playground equipment of \$95,000 on November 10, 2015
 - Pour and play of \$85,000 on March 1, 2016

Conclusions

- We find the PD Staff Report presented to the Mayor and City Council was inaccurate:
 - ROI calculation inputs and assumptions
 - Amounts raised by the Foundation
 - Not accounting for the additional investments by the City for office space, personnel, etc.

Conclusions

- The Foundation signed a signage “Sponsorship” agreement with an outside company, S&B Visionary, for a campaign to advertise on City Property for \$40,000. Twenty-five percent of the proceeds were to go to S&B Visionary as a fee for promoting the sponsorships. This was done without City management approval.
- Interviewees had noticed other commercial advertising at the pool and baseball facilities, including a bank sign on the Eureka 2 playground equipment.
- The City’s agreement with the Foundation does not address the Foundation selling advertising on its property.

Conclusions

- The City/Parks department has an agreement with the Youth Sports Association (Association) for collection of an “Enhancement Fee” of \$5 per registered player. The payments are made payable to the Foundation who is not a party to the agreement.
 - The Foundation’s records indicate that from October 2012 to September 2017, the Foundation collected \$48,450 from the Association. The records we analyzed indicated that the Foundation holds the funds and remits them back to the Association for field enhancement projects. Expenditures were \$54,675 for this fund during the same period.
 - Due to the Scope Period being measured, it appears the Foundation expended more than it brought in. Presumably, the Foundation had received funds in prior periods and disbursed them during our Scope Period.

Recommendations – Assuming Parties Move Forward Together

Agreement with the Foundation/Clarification of Boundaries

- Evaluate periodically the City's arrangements with the Foundation and determine whether it is in the City's interest to continue the relationship/arrangement for a given time period.
- Develop a memorandum of understanding which sets out the understanding of the relationship between the Foundation and the City, clearly defining roles and expectations between both, benchmarks to achieve, and expected flow of money. In addition, develop policies for City employees for guidance with their interactions with the Foundation.
- Develop policies and procedures around the interactions between the City and the Foundation, related to:
 - generally and specifically related to monies that flow from one entity to the other;
 - related to employees of either entity;
- Define how the ROI calculation should be computed and any other metrics of measuring the success of the Foundation by the City.
- Define a reporting mechanism for the Executive Director of the Foundation to report to someone at the City, other than the City/Parks Director to provide a control.

Recommendations – YSA Fees

Accounting for Youth Sports Association fees

- Payments should be remitted to the City of Denton under the current agreement. The City would then be responsible for administering those funds.
- Alternatively, the City could terminate its agreement with the Youth Sports Association and develop a new arrangement for supporting the organization.
- The City should ask the Foundation to provide its own accounting of the funds collected and disbursed for these purposes.

Recommendations

City Operations

- Implement a Code of Conduct policy.
- Perform annual conflict of interest disclosures for City Council and department heads that identify business relationships and family. The focus should be about transparency regarding with whom the City does business.
- Require that any receipt of money donated to the City or for its use be documented through written Donor Agreements.

Recommendations

Foundation Operations

- Implement control processes similar to the City for cash handling and procurement. This should reduce the temptation for individuals to direct activities towards a certain vendor.
- Develop of a Conflicts of Interest policy and a Code of Conduct policy to assist them with identification of potential conflicts of interest.
- Have more timely entry of financial transactions (within one to two weeks) in its bookkeeping records so that more accurate reports can be provided, both internally, to the Foundation's Board, and to the City.
- Set up procedures to ensure the recording and tracking of pledges, preferably by utilizing the accounting software.
- Enter the addresses of its vendors in its accounting software program to further help identify potential conflicts of interest.

Questions?

Thank You!

Report on City of Denton and Denton Parks Foundation

February 15, 2018

Mayor Chris Watts and the City of Denton City Council
City of Denton
215 E. McKinney St.
Denton, TX 76201

Introduction

This firm was tasked with investigating the relationship between the City of Denton and the Denton Parks Foundation from the period of October 1, 2012 through September 30, 2017. This report is the result of review of Parks Foundation and City of Denton documents, state laws, and personal interviews. City staff and the Parks Foundation invested significant time and effort in complying with the investigators' request for documents. Six City employees were interviewed, as well as the Executive Director of the Denton Parks Foundation, one part-time employee, and the Parks Foundation Board President. The Parks Foundation Treasurer declined to participate in a personal interview.

Contractual Obligations Between the Parties

The City and the Denton Parks Foundation entered into an agreement in 1998, through Ordinance 98-430. In this Agreement, the City agreed to provide office and meeting space rent-free, utilities, telephone and computers and incidental staff support. The Foundation agreed to conduct and monitor fund-raising activities to benefit the Parks and Recreation Department and to generate funds sufficient to support its own operating budget.

In 2013, the Parks Foundation asked the City Council to fund an Executive Director position, for three years, in the amount of \$35,000 per year. The City Council approved that expenditure, and the Council minutes reflect that the City Council was informed that after three years, the Parks Foundation would be expected to be able to pay for its own Director. The City Council approved \$35,000 for fiscal year 2013-2014, \$35,000 for fiscal year 2014-2015, and \$35,000 for fiscal year 2015-2016, and the 1998 Agreement remained in effect.

However, in 2016-2017, the Parks Foundation asked for the City to increase its funding to \$77,000.00 per year, and it was approved in the budget for 2016-2017. On February 7, 2017, the City Council adopted Ordinance No. 2017-037, which authorized an Agreement wherein the City paid the Parks Foundation \$77,000.00 for the Executive Director Salary and a part-time support staff. The 1998 Agreement was terminated when the Parks Foundation and the City entered the 2017 Agreement. The 2017 Agreement expired in September 2017, and no contract currently exists between the parties.

Notably, the City affords more services to the Parks Foundation than was reflected in the 2017 agreement. Specifically, the City has provided rent-free office space, originally at City Hall East and then, later in the Civic Center, which continues to date. The City also provided staff support and temporary staff to the Parks Foundation, prior to the Parks Foundation hiring a part-time employee in 2017.

City's Participation in Eureka 2 Has Been Understated

A former City employee did not make the City Council aware of the nature of the relationship and the extent that the City's employees assisted the Parks Foundation. When asked if he could quantify the City employees' work on Eureka 2, the former City employee said he "couldn't take a guess."

Based on interviews and my review of documents, significant City resources were expended during the community-build project Eureka 2. The Denton City Council was informed, in 2015 and in 2016, that expenditures it authorized for Eureka 2 (\$95,811 and \$84,892.00, respectively) would be reimbursed by the Parks Foundation. The investigation revealed the Parks Foundation Board did not authorize any reimbursement to the City. Further, a former City employee assigned City employees to work substantial overtime to complete the project on time and City staff were assigned to assist in marketing and provide other support to Eureka 2. The Parks Foundation and the community significantly participated in the success of Eureka 2, but the City's contributions were not fully quantified.

Legal Elements Summary

No violation of Fraud Directive. When these allegations arose, it was reasonable for the City to initiate an investigation which could have uncovered possible criminal conduct. Had the investigation uncovered suspicious activity, the investigators were directed, through the City's Fraud Directive (Policy No. 509.01), to refer information to the appropriate law enforcement entity. No suspicions arose, and after conducting interviews and reviewing City documents, Parks Foundation expenses that the City incurred ultimately benefitted City of Denton parks and properties.

Ads on City Property. It was confirmed through the investigation that the Parks Foundation received donations in exchange for placing ads on City property, without City Council's knowledge or consent. The Parks Foundation represented it had the authority to engage in this activity, but the Parks Foundation is not the City. A former City employee knew about this issue and allowed it, but the former employee lacked authority to approve this usage of City property.

Field Enhancement Fees. There was no City Council authorization for the City to assess a Field Enhancement Fee and remit that to the Parks Foundation.



Recommendations

- The City Council is vested with policy-making authority for the City parks, unless the City Council expressly delegates that authority to City management for a specific purpose. The City Council sets priorities for Parks funds expenditures, not City staff.
- If the relationship between the Parks Foundation and the City continues, the City Council should formalize the relationship between the City and the Parks Foundation through negotiate, written agreements. Each party's obligations should be described in the contracts.
- Written donor agreements should be used to ensure transparency and accountability of funds donated to the City or for the City's benefit whether that be to the Parks Foundation or any other entity which receives donations on the City's behalf.

Best Regards,



Julia Gannaway
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City of Denton, Texas

Forensic Investigation Report

February 16, 2018

Contents

- Report Overview 3**
- Executive Summary 4**
- Approach to the Investigation 5**
 - Cooperation from the City 6
 - Cooperation from Certain Denton Parks Foundation Representatives 6
- Denton Parks Foundation, a 501(c)(3) Charitable Organization 8**
- Agreements between the City and Denton Parks Foundation 8**
- Expectations between the City and the Foundation Regarding Eureka 2 11**
- Evaluation of the Employee and Vendor Master Files 16**
- Assessment of the Foundation General Ledger 18**
- General Ledger, Bank Statement and Check Register Analysis 19**
- Foundation Sources / Uses of Income 21**
- Other Findings 23**
- Recommendations 24**
 - Exhibit 1
 - Exhibit 2
 - Exhibit 3
 - Exhibit 4
 - Appendix 1
 - Appendix 2
 - Appendix 3
 - Appendix 4

Mayor Chris Watts
Denton City Council
City of Denton, Texas
215 E. McKinney Street
Denton, Texas 76201

We have performed a forensic investigation for the City of Denton, Texas (City), in connection with concerns raised from a tip received from the City's anonymous hotline and investigated by the City's Fraud, Waste & Abuse Committee about the relationship between the City of Denton Parks Department (Parks) and the Denton Park Foundation (Foundation). Work performed was limited to the scope period of October 1, 2012 through September 30, 2017 (Scope Period). This report presents our findings and observations as of February 6, 2018.

After reading the report and file of the City's internal auditor, BKD recommended that certain forensic accounting procedures be performed. City management agreed with our proposed scope of work. In addition, City management agreed to allow us access to all information we requested and to a thorough and complete investigation.

Forensic accounting and forensic investigation services generally involve the application of specialized knowledge and investigative skills possessed by CPAs to collect, analyze, and evaluate evidential matter and to interpret and communicate findings in the courtroom, boardroom, or other legal or administrative venue. These services often involve existing or potential dispute resolutions proceedings.¹ The term "forensic" is based on the Latin *forensis*, meaning "that which is suitable to present before a forum."² Black's Law dictionary defines "forensic" as "Used in, or suitable to, courts of law or public debate."³

Our scope included procedures to focus on the relationship and transactions between the City/Parks Department and the Foundation. We have not made any management decisions or performed any management functions; the responsibility for which remains with City management and the City Council.

Our services were provided in accordance with the Statement of Standards for Consulting Services promulgated by the American Institute of Certified Public Accountants and, accordingly, do not constitute a rendering by **BKD, LLP** or its partners or staff of any legal advice, nor do they include the compilation, review or audit of financial statements, and accordingly, we are not expressing an opinion on the City's or the Foundation's financial statements or their financial condition.

Our procedures will not necessarily disclose all potential irregularities but were intended to address numerous questions that have been raised about the operations and financial activities of the City and the Foundation. The City's management is responsible for the design and implementation of programs and controls to prevent and detect fraud.

¹ AICPA Forensic & Valuation Services Practice Aid – Forensic Accounting – Fraud Investigations, page 8. See also AICPA Forensic & Valuation Services Practice Aid – Serving as an Expert Witness or Consultant, page 5, Definition of Forensic Accounting Services.

² AICPA Forensic & Valuation Services Practice Aid – Forensic Accounting – Fraud Investigations, page 15.

³ AICPA Forensic & Valuation Services Practice Aid – Forensic Accounting – Fraud Investigations, page 15 and Black's Law Dictionary, 9th ed., (St. Paul, MN: West Publishing Company, 2009)

Denton City Council
February 16, 2018
Page 2

This report is based on work completed to date. We may supplement this report if we are asked to perform additional procedures by the Mayor, City Manager or City Council or if additional information should come to our attention.

We understand this report will be used by the City and the City may release this report to the public. This report is the property of **BKD, LLP**. If any party intends to publish or otherwise reproduce this report and make reference to our firm name, BKD must be provided with the printer's proofs or masters for our evaluation and approval before printing or other reproduction and provided with a copy of the final reproduced material for our approval before it is distributed.

BKD, LLP

February 16, 2018

Report Overview

BKD, LLP was retained by the outside legal counsel for the City of Denton, Texas (City), Julia Gannaway of Lynn, Ross & Gannaway, LLP, in connection with concerns raised from a tip received from the City's anonymous hotline and investigated by the City's Fraud, Waste & Abuse Committee about the relationship between the City of Denton Parks Department (Parks) and the Denton Parks Foundation (Foundation). The results of our investigation are summarized in this report.

We hope that our findings will be carefully and thoughtfully considered in terms of historically what has happened and in the context of a plan moving forward. Communications between the City and the Foundation have been strained over the past few weeks. We were asked to be an objective participant in investigating the activities that have occurred between these organizations over the past five (5) years. Our hope is that our investigation can be a starting point for both organizations moving forward. See our recommendations beginning on page 24 of this report.

Documentation we read indicated that the City and the Foundation had a relationship which was documented in a signed agreement in 1998. It is our perception that until the recent events, the parties have had a collaborative relationship, at a minimum, with many projects being produced together over the course of many years.

Following is a timeline of events leading up to our investigation:

- On or about September 12, 2017, the City received an anonymous complaint related to the Foundation not reimbursing the City for costs on the Eureka 2 park project that the caller believed were owed to the City.
- In the days that followed, the City's Fraud, Waste & Abuse Committee began conducting an investigation and received several comments regarding the relationship between the City Parks Department and the Foundation.
- On October 4, 2017, the City sent a letter to the Foundation (the October 4 Letter) notifying them to temporarily suspend fundraising efforts on behalf of the City until a review was conducted. This letter was leaked by an unknown source to the news media. The determination of the source of the information was beyond the scope of our work.
- On October 13, 2017, the City released a statement to the public clarifying the October 4 Letter and communicating about the status of the City's Fraud, Waste & Abuse Committee work.
- On October 16, 2017, the City's Internal Auditor resigned for unknown reasons.
- On October 20, 2017, BKD was retained to initially assess the Internal Auditor's work and provide feedback to the City on potential next steps. BKD was then retained through, and we have worked with the City's outside legal counsel, Julia Gannaway, to conduct the work we have performed, which is the subject of this report.

The scope of our work did not include a full accounting of the City of Denton Parks Department or of the Denton Parks Foundation, nor did we perform a compilation, review or audit of financial statements. The specific details of the procedures that we performed are listed in Appendix 1 in our November 3, 2017 letter to Ms. Julia Gannaway. The results of those procedures are described in this report.

The questions raised by the original hotline report and then accentuated by the City Fraud Waste & Abuse Committee's investigation and questions asked by City management mainly center on oversight of the

City/Parks Department and the financial arrangements and relationship between the City and the Foundation.

This controversy involves public funds entrusted with the City government as well as a public charity, the Foundation, which has a fiduciary responsibility to its donors to use the funds they raise for the purpose they were intended and has had a requirement to report to the City how its funds are being used. In particular, there was a specific project, the Eureka 2 project, where City management raised questions regarding why the City was not reimbursed for certain costs that the Foundation had allegedly committed to reimburse.

To help the readers of this report, we have organized our report into several sections to make it easier to constructively evaluate some of the various factors and considerations that went into our analysis.

Executive Summary

- The City did not have a written policy governing its relationship with the Foundation. From time to time, City Council minutes provided information on the intent of a particular project or transaction. But other than those minutes and the 2017 Service Agreement (Agreement), which was signed in February of 2017, there were no communications that established a clear operating relationship between the City/Parks and the Foundation.
- Most interviewees noted concerns regarding “blurred lines” between the two entities. City/Parks employees were used on Eureka 2, including maintenance and marketing. City/Parks employees were diverted for months from their typical work to assist with the Eureka 2 project. City/Parks employees were requested to design and/or print off flyers promoting Foundation activities/events. From our analysis of the City Council minutes, our assessment is that the City Council did not know the full scope of the assistance and the amount of City time that went into a Foundation project.
- During much of the Scope Period, a City/Parks employee was tasked with keeping the Foundation books on a current basis and periodically reconciling with the official books kept by the Foundation Treasurer.
- In interviews with the City/Parks Director⁵, he stated that the line has always been blurred between the City and the Foundation, but Eureka 2 assistance required by the City helped expose this even further, “mainly due to the time crunch.” He also stated that he suggested to potential donors that they send donations through the Foundation where he indicated he had spending influence.
- The usage of City/Parks personnel and the providing of other City resources to support the Eureka 2 project was far more than the 6,398 man hours and the \$173,828 identified in the payroll records incurred by maintenance employees. Interviewees indicated that the Foundation became accustomed to using City/Parks staff for certain administrative functions, and this caused frustration by City/Parks staff after the Eureka 2 project was finished.
- There is an ongoing dispute between the City and the Foundation regarding two Eureka 2 expenditures that the City paid when the Foundation was building that project. At the time, the Foundation did not have the funds to cover the amounts that were due. The payments were for the following:

⁵ The City/Parks Director’s last day of employment was on December 15, 2017.

- Equipment of \$95,000 on November 10, 2015
- Pour and play of \$85,000 on March 1, 2016

We explain the details more fully in the report below.

- The Foundation signed a signage “Sponsorship” agreement with an outside company, S&B Visionary, for a campaign to advertise on City Property for \$40,000. Twenty-five percent of the proceeds were to go to S&B Visionary as a fee for promoting the sponsorships. This agreement with the Foundation was done without City management approval. Interviewees had noticed other commercial advertising at the pool and baseball facilities, including a bank sign on the Eureka 2 playground equipment. At this time, the City’s agreement with the Foundation does not address the Foundation selling advertising on its property.
- The City/Parks department has an agreement with the Youth Sports Association (Association) for collection of an “Enhancement Fee” of \$5 per registered player. The payments are made payable to the Foundation who is not a party to the agreement. The Foundation’s records indicate that from October 2012 to September 2017, the Foundation collected \$48,450 from the Association.⁶ The records we analyzed indicated that the Foundation holds the funds and remits them back to the Association for field enhancement projects. Foundation records indicate that there were expenditures made in the amount of \$54,675 to the Association during the same period.⁷

Approach to the Investigation

Our approach to this investigation included analysis of information from a wide range of sources including interviews, applicable policies and procedures, City and Foundation accounting records, internal memoranda, and minutes of City Council meetings for the Scope Period, October 1, 2012 through September 30, 2017 (the Scope Period).

The interviews included City and Foundation personnel, as described above. As previously mentioned, the agreed upon scope and methodologies BKD employed were designed to assist the City with investigating the concerns raised by an anonymous hotline call received by the City and to determine the activities and relationship between the City and the Foundation. So, this was the core focus of our investigation: to address concerns that had been raised about the transactions, arrangements and organizational structure between the City Parks Department and the Foundation.

Phase I of our investigation included an assessment of the City of Denton internal auditor’s working papers and files (*i.e.*, City Auditor);⁸ interviews of the City of Denton, Texas management; and an evaluation of potential procedures to perform in additional phases of our investigation. We recommended additional procedures on November 3, 2017 (Phase 2) and the City agreed that we perform procedures including additional interviews, electronic data analysis, and analysis of documents, bank accounts and books and records. Appendix 1 includes our engagement letter for Phase 1 and our addendum for Phase 2, including the description of our specific procedures.

⁶ Due to the Scope Period being measured, it appears the Foundation expended more than it brought in. Presumably, the Foundation had received funds in prior periods and disbursed them during our Scope Period.

⁷ A determination of how the funds were used by the Association is beyond the scope of this engagement.

⁸ The City’s internal auditor resigned on October 16, 2017.

We were not asked to, and did not perform, a full accounting or audit of the books and records of the Foundation or of the City Parks Department.

We conducted all of our interviews in a confidential manner, respecting the privacy of the individuals with whom we spoke. Unless necessary for reporting on our findings herein, we have not shared the identity of the persons providing information with anyone outside of our investigation team.

Cooperation from the City

Prior to taking on this project, we specifically advised City management that we did not want to take on the investigation unless they were fully committed to permitting our investigators full and complete access to personnel, books, records and documents. We also advised City management that we did not want to move forward with the investigation unless they were prepared to “let the chips fall where they may” as a result of our investigation and that we would include areas that are warranted based upon the evidence that we uncovered during the investigation.

We can report that we received a high level of cooperation from City personnel and officials in providing information relevant to our investigation. We also had complete and unfettered access to City personnel, files and records. We were able to interview a number of key personnel in the City Parks Department, including the Director of Parks and Recreation, prior to his departure on December 15, 2017. No question we asked of the City personnel went without an answer. No request for information went without a response.

Cooperation from Certain Denton Parks Foundation Representatives

The Agreement between the City and the Foundation requires the Foundation to “maintain adequate records to establish that the City funds are used for the purposes authorized by” the agreement between the parties. In addition, the Agreement states that the Foundation “will permit authorized officials of City to review its books at any time.” Therefore, in our work on behalf of the City, we requested information from the Foundation pursuant to the Agreement.

The initial requests for information from the Foundation were provided. Later, when we asked for additional information, including interviews of Foundation personnel, those requests were resisted by the Foundation President, Marc Culp. The Foundation President wanted to know the nature of our investigation. We explained that we were working on behalf of the City under the Agreement that the City had with the Foundation and that the Foundation was required to provide us access to their books and records. Ultimately, the Foundation complied.

When we issued a second request of documents, the Foundation President pushed back on our request stating that the request would be difficult for them to respond to and that the Foundation team lacked the technical sophistication to access and provide some of the requested information. He also stated that the Treasurer has a full-time CPA accounting practice to which she must give priority. The Foundation President continued to raise concerns that he did not know what we were investigating and that what we had asked for was broad and far reaching.⁹ After making these complaints, he ultimately provided the information requested within a reasonable time period.

The Foundation President continued to express frustration over not knowing what we were doing and demanded that we inform him of our objectives. He complained that the City was working from a “decade old contract” to demand the Foundation information. However, the City had an Agreement from February 2017 that requires the Foundation to have its records open and available. In addition, the Foundation President felt that the City’s October 13 press release and meeting prior to that did not

⁹ Email from the Foundation President to Julia Gannaway, City’s outside legal counsel and numerous other City officials and Foundation representatives, dated 11/17/2017

engender “hope for the necessary future cooperative spirit critical” to the relationship between the parties.¹⁰ We found this behavior somewhat hindered our investigative process, as he had been our only identified contact at the Foundation.

We note that in performing a forensic investigation, it is often necessary to request and analyze information and interview individuals without openly sharing the purpose or objective of the performed procedures, as doing so could influence the course of the investigation. The risk is that this influence could lead to faulty conclusions. Therefore, it is common, and we believe proper, for forensic investigators to keep certain aspects of their work confidential until the matter at hand is fully investigated.

In written correspondence dated December 11, 2017, the Foundation President stated that it was unfair to conduct interviews without us offering more information about the nature of our investigation. However, he indicated that he would participate in an interview with us “without condition.” He stated that he believed the entire process to be unfair, noting that interviewees should have the option to consult with their legal counsel before submitting to our process.

Two Foundation witnesses obtained legal counsel and resisted being interviewed without making demands for certain concessions from us. These demands included changing our interview methods that we could only interview them if we would agree to never press charges for their conduct and so forth. We interviewed one of these witnesses with her attorney present. We did not reach an agreement to interview the other witness.

On December 14, 2017, we interviewed several City personnel. In addition, one of the Foundation staff agreed to meet with us and answer our questions.

Marc Culp, Foundation President

Mr. Culp agreed to meet with us for an interview on December 15, 2017. He was cooperative and answered our questions. He also provided, via email, information regarding the Eureka 2 fundraising that was very helpful.

Simone Royster, Foundation Treasurer

We contacted Simone Royster, Foundation Treasurer, to request an interview with her regarding the working relationship between the City and the Foundation. We did not receive a response from Ms. Royster, but did receive a response from her retained legal counsel, Mr. Hugh Coleman. He cited her professional stature as a CPA and stated that it was important that her reputation not be tarnished by being questioned by us without first being informed of what we were seeking. He requested that we list our areas of inquiry and a list of written questions and stated that they would respond with written answers. In addition her attorney requested a statement from us that our investigation did not involve anything for which violations of the penal code may be brought against Ms. Royster. Only after we did these things, would they be willing to “consider assisting” our investigation. According to Mr. Coleman, “Ms. Royster agreed to co-operate by responding to written questions after being informed of the nature and content of the investigation.”

An investigation is a fact-gathering exercise. We cannot provide blanket assurances, and we would never conduct an investigation and agree to not seek out information for which violations may have occurred and where charges may be brought against someone. Unfortunately, Ms. Royster refused to participate in a face-to-face interview.

¹⁰ Email from the Foundation President to Julia Gannaway, City’s outside legal counsel and numerous other City officials and Foundation representatives, dated 11/27/2017

We believed that Ms. Royster could have assisted us in our fact finding. Therefore, our findings are limited to the extent that Ms. Royster could have answered some questions related to the Foundation's financial information. We do not know how this would have influenced the results of our findings.

Molly Tampke, Foundation Executive Director

We contacted Molly Tampke, Foundation Executive Director, to request an interview with her on December 14 or 15. She responded to us and explained that she had retained an attorney, Richard Kelsey, and requested that we provide a list of questions that we planned to ask during the interview. Due to Mr. Kelsey being out of town for a funeral, we delayed our interview with Ms. Tampke until his return. We interviewed Ms. Tampke on December 21, 2017, with her attorney, Mr. Kelsey, present. They were both cordial and cooperative.

Denton Parks Foundation, a 501(c)(3) Charitable Organization

The Foundation was formed in 1987 and its bylaws describe its purpose "is to enhance the ability of the City of Denton to provide excellent parks and recreational opportunities for the community."¹¹ We were able to independently verify that the Foundation is a public charity through research with the Internal Revenue Service. Although its name includes the word "Foundation," the Foundation is not a private foundation for tax purposes and is required to file an annual Form 990, Return of Organization Exempt from Income Tax.

The Foundation is not governed by the City of Denton but is governed by its own Board of Directors. However, the City and the Foundation have entered into contracts or agreements over the years to work on projects.

Agreements between the City and Denton Parks Foundation

1998 Agreement

In 1998, the City entered into an agreement with the Foundation (the 1998 Agreement). The 1998 Agreement contained a Termination clause, which stated that the Agreement was terminated by agreement of the parties or until it is superseded by the agreement of the parties. City legal counsel believes that the 1998 Agreement terminated when the parties executed later agreements in subsequent periods.¹²

No monetary consideration was exchanged between the parties in the 1998 Agreement, in contrast with the 2017 Agreement. Although the City no longer provides utilities/telephone or computer usage (as was required of it by the 1998 Agreement), it has continued to provide office space to the Parks Foundation without charging any rental fee.¹³ The 2017 Agreement expired on September 30, 2017.¹⁴

Our evaluation of the Agreement between the City and the Foundation and the financial and operational relationships between the entities revealed the following concerns.

¹¹ Bylaws of the Denton Parks Foundation, last amended December 18, 2014

¹² From discussions with the City's outside legal counsel, Julia Gannaway of Lynn, Ross & Gannaway, LLP

¹³ From discussions with the City's outside legal counsel, Julia Gannaway of Lynn, Ross & Gannaway, LLP

¹⁴ See paragraph III. Time of Performance of the Service Agreement attached to City Ordinance No. 2017-037, also attached hereto as Appendix 2

2013 Funding Request Approved to Fund the Foundation for a Foundation Executive Director

According to City Council minutes, the City Council and Foundation started discussing hiring an executive director in August/September 2013. City Council was told that the \$35,000 per year paid by the City to the Foundation would serve as start-up funds to support an Executive Director, and then after three years, the Foundation should be able to sustain itself. In the September 2013 budgeting process, the City approved the funding request for \$35,000 annually for each of three consecutive years to fund a part-time Executive Director for the Foundation.

Concern: Does the City have a written agreement that clearly defines the City’s obligation for subsidizing the Foundation’s Executive Director’s salary?

Finding: We have confirmed that there were no written agreements relating to the City’s paying for the Parks Foundation Executive Director’s salary in the 2013–2016 timeframe; the yearly amounts of \$35,000 were allocated during the budgeting process and paid through the Foundation invoicing the City.

2015 Discussion of Activities of the Foundation before City Council¹⁵

In the February 3, 2015 City Council meeting and under the agenda item “Receive an update from the Denton Parks Foundation regarding the status of several projects including the Eureka Playground replacement and the City’s first spray ground,” then Foundation President Couch introduced the Foundation’s Executive Director, Ms. Molly Tampke.

Ms. Tampke stated in the meeting that one of the major goals for the Foundation was to lead the fundraising efforts for the remake of Eureka Playground. The goal, according to the minutes of the Foundation’s presentation, was to raise \$1.5 million. Based on the interview of multiple parties, the Foundation’s fundraising goal for Eureka 2 was ultimately set at \$500,000.

According to the minutes and related to a different matter, Ms. Tampke represented to the City Council that the Foundation had provided total scholarship money the previous year in the amount of \$228,000.

Concern: Have the City Parks Department and Foundation representatives fairly represented the nature and amounts of transactions to the City Council?

Finding: We have not been able to verify that \$228,000 in scholarships were provided during the 2014 time period. The Foundation financial figures demonstrate much lower receipts and disbursements for 2014. Total revenue in 2014 was \$166,008. Total expenses in 2014 were \$141,762.¹⁶ Using the books of the Foundation, their records indicate that total scholarships for the five (5) year period we analyzed were \$66,497.25. See **Exhibit 3**.

With City Council approval, the City paid for other miscellaneous projects for and through the Foundation.

¹⁵ City Meeting Agenda and City Council Minutes, February 3, 2015, Appendix 3

¹⁶ 2014 Form 990 of the Foundation; see **Exhibit 4**

A summary of the amounts paid by the City to the Foundation is presented below and in the “Bank Statement and Check Register Analysis” section:

City Payments to the DPF	
Year	Amount
2012	\$269
2013	4,611
2014	75,727
2015	10,862
2016	36,450
2017	79,701
TOTAL	\$207,620

*2012 represents October 1 – December 31

2017 Service Agreement Entered into between the City and the Foundation

On February 7, 2017, City Council passed an ordinance authorizing the City Manager to execute an Agreement with the Foundation. The Agreement called for the City to pay the Foundation \$77,000 to be utilized for the salary of the Executive Director, Administrative Support, and office supplies.¹⁷

Concern: Does the City have a written policy that clearly defines how it was to conduct business with the Foundation?

Finding: Based on the information that we gathered, although there was a written agreement between the City and the Foundation, there are no policies or procedures in place at the City that provide guidance on the operating relationship between City/Parks and the Foundation. There needs to be a Memorandum of Understanding (MOU) to ensure duties and responsibilities are clearly defined between the City and Foundation.

- Most interviewees noted that there was concerns regarding “blurred lines” between the two entities. The Park Director stated that the line has always been blurred, but Eureka 2 assistance required by the City helped expose this even further, “mainly due to the time crunch”.
- City/Parks employees used to work on Eureka 2, a Foundation project, included departments such as maintenance and marketing. Employees were diverted for months from their typical work to assist with Eureka 2. It is unclear if City Council knew of the full scope of the assistance and the amount of City time that went into a Foundation project.
- During much of our scope period, a Parks employee was tasked with keeping the Foundation books on a current basis and periodically reconciling with the official books kept by the Foundation Treasurer.
- City/Parks employees are requested to design and/or print off flyers promoting Foundation activities/events.
- The Park Director indicated that he has influence on spending at the Foundation.

¹⁷ See Ordinance No. 2017-037, Appendix 2

Expectations between the City and the Foundation Regarding Eureka 2

Eureka 2 Playground Community Build

The Eureka 2 playground replaced the original Eureka playground erected in 1995. The original playground was decommissioned and taken down in October 2015, and construction on the new Eureka 2 playground began in November 2015.

When the original playground began to age, the Foundation began a campaign to raise funds for the community build. We were not able to find a formal agreement between the City and Foundation for the Eureka 2 project.¹⁸

The City's expectations before additional funding for the Executive Director's salary for 2014/2015 and 2015/2016 would be considered included the following:

- Fundraising by the Foundation for the replacement of the Eureka playground. The target amount was \$1,000,000.
- Fundraising by the Foundation for City/Parks and Recreations Department scholarships through the sale of commercials on Splash Radio at the Water Works Park or any other means.

In January 2014, Ms. Molly Tampke was hired by the Foundation as their Executive Director.¹⁹

Concern: Have the City Parks Department and Foundation representatives fairly represented the nature and amounts of transactions to the City Council?

Finding: The Parks Director represented to us that the Foundation had raised their agreed upon \$500,000 for the Eureka 2 project. We have not found any documentation supporting a reduced goal of \$500,000 rather than the originally stated \$1,000,000.

Further, the general ledger indicates campaign results of \$434,387, lower than the \$500,000 stated by the Parks Director.

Finding: Interviewees indicated that the Foundation was counting pledges rather than received funds when speaking to the City Council and the public about how much money was raised for Eureka 2. Interviewees indicated that a significant amount of pledges were not collected.

Finding: Based on our analysis of the accounting records and the procedures we performed, there are no indications that the Foundation tracks donation pledges in their accounting records. As such, we have not been able to determine the amount of pledges they received compared to the actual donations collected for programs such as the Eureka 2 playground.

City's Investment in Eureka 2

During the course of our investigation, it was clear from our interviews that City personnel felt the City had contributed far beyond what had been expected for the Foundation's Eureka 2 community build.

¹⁸ We did identify a letter from the City/Parks Director to the Foundation Chairman, on January 15, 2014, that set out expectations from the City. In this letter, the City indicated that they had budgeted \$35,000 for the 2013/2014 fiscal year as a contribution to Foundation to help in the hiring of an Executive Director. The City stated that if funds were available, and progress had been demonstrated in the following areas (below), similar funding would be considered during fiscal years 2014/2015 and 2015/2016, and no funding would be available after September 30, 2016.

¹⁹ Employment Agreement for Executive Director of the Denton Parks Foundation, effective January 1, 2014

Invoices paid by the City

There were two instances where an invoice for the Eureka 2 project was due, and the Foundation did not have the funds to cover the payments due.

- Equipment of \$95,000 based on information from the November 10, 2015 City Council meeting
 - The Agenda Information Sheet indicates the Foundation will reimburse the City.
 - City/Parks employees, including the Parks Director, stated that the City had expected the funds to be reimbursed.
 - Ms. Pete Kamp, Foundation Board Member, stated at the meeting that the funds would be reimbursed to the City.
 - ORD 2015-333 – City Council authorizing expenditure of funds for Eureka 2 playground equipment (\$95,811) did not include any language requiring the funds to be reimbursed.
- City Council approved emergency funding for Pour and Play of \$84,892.60 at the March 1, 2016 City Council meeting
 - The Emergency Declaration stated that “City funds will be used to fund this work and, as remaining pledges are honored, the Park Foundation will reimburse the Parks and Recreation Department’s expenses up to their \$500,000 commitment.”
 - ORD 2016-074 – Ratifying the Expenditures by the City Manager for the Emergency Purchase of the Poured in Place (\$84,892.60) it did not include any language requiring the funds to be reimbursed.

Concern: Should the City have been reimbursed for the two expenditures paid, for the Eureka 2 project?

Finding: Although the intent might have been for Foundation to reimburse the City for the amounts paid for the Eureka 2 project, the ordinances passed by the City do not contain explicit language regarding the repayment of funds from the Foundation to the City for these expenditures.

Some City Council documents indicate that the City expected to be repaid for the two payments the City made on the equipment. The City/Parks Director indicated that one of the invoices was expected to be repaid but should be forgiven as the Foundation “fulfilled its obligation” of raising \$500,000 for the project. The Foundation Executive Director believes that there was never a commitment to repay those funds. However, a Foundation representative gave a presentation to the City Council about the Foundation funds on the Eureka 2 project and indicated that the Foundation would repay the City. The actual City ordinance does not indicate whether the funds needed to be repaid by Foundation.

Concern: Have the City Parks Department and Foundation representatives fairly represented the nature and amounts of transactions to the City Council?

Finding: *Potential Misrepresentation of Denton Parks Foundation's Progress to the City*

In June, 2016, City/Parks Director presented to the Mayor and City Council an "Informal Staff Report" (PD Staff Report) with the subject, "This report summarizes the Return on Investment during 2014–2016 from the Denton Parks Foundation, a 501(c)(3) non-profit organization."²⁰

Within the PD Staff Report, the Parks Director contended that the City's three-year contribution to the Foundation for the Executive Director's salary helped grow the fundraising "to sponsor projects that would typically compete for City Capital Improvement Funds." To contrast to more current year fundraising accomplishments, the Parks Director stated:

From 2001 through 2013, prior to the funding of the Executive Director position, the Denton Parks Foundation raised approximately \$144,000.

The PD Staff Report goes on to list the return on investment from 2014 to 2016 by dividing the amount raised by the foundation for every dollar invested by the City.

- 2014: Raised \$106,867, producing a Return on Investment (ROI) of \$3.05 for every dollar invested by the City
- 2015: Raised \$552,183, producing an ROI of \$15.78 for every dollar invested by the City
- 2016: Projected to raise \$148,700, projected ROI of 4.25 for every dollar invested by the City
 - The general ledger shows deposits of approximately \$139,000 in 2016.

Concern: Were the Mayor and City Council properly informed regarding the ROI in June 2016?

Finding: We find the PD Staff Report presented to the Mayor and City Council was inaccurate in the following ways:

- The ROI calculation is flawed. It is dividing the amount the Foundation raised in a year by \$35,000. Therefore, the calculation assumed:
 - There was no fundraising performed at the Foundation before the \$35,000 investment from the City and
 - Only because of the \$35,000 provided by the City did the fundraising occur
 - The Foundation is an established entity in the Denton community and has provided successful projects (Eureka 1, sports scholarships, etc.) well before the City provided funding for the Executive Director. The average fundraising between 2007 and 2013 by Foundation was over \$123,000 per year.²¹

Finding: The PD Staff Report misstated the amount raised by the Foundation during 2011–2013. Per the IRS form 990-EZ filed for the Foundation, over \$350,000 was raised in those years. The PD Staff Report gives the impression that the Foundation is doing significantly more fundraising.

²⁰ Informal Staff Report No. 2016-047 dated June 17, 2016, Appendix 4

²¹ Per IRS Forms 990-EZ

However, the 2014 result was actually \$10,000+ below the results from the prior year of 2013. Presented below are the Foundation fundraising amounts from the Foundation's tax returns:

2011	\$	135,097
2012		103,293
2013		118,997
	\$	<u>357,387</u>

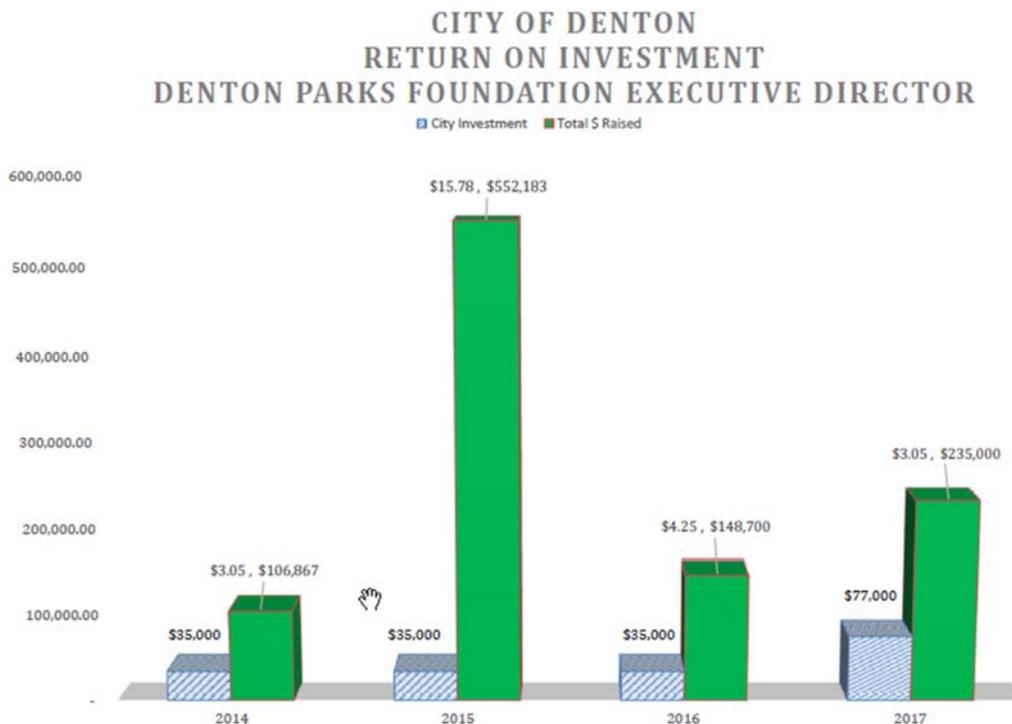
Finding: The PD Staff Report did not account for the additional investment by the City to the Foundation in the ROI calculation. Every year under the Scope Period, the City provided the Foundation with the following:

- *Office Space:* Initially, Foundation personnel were provided office space in the City Hall "East," then they were moved to the Civic Center. The City never charged the Foundation for the use of this space. The accounting of this resource was not included in the ROI calculation.
- *Personnel:* City/Parks personnel were used to assist the Foundation. Examples of this include:
 - Designing flyers for Foundation projects
 - Printing flyers
 - Engraving pickets
 - Taking minutes at meetings
 - Keeping track of checks and deposits
 - Other administrative functions
 - Specifically for the Eureka 2 project, there was significant City/Parks employee time investment
 - City/Parks personnel supported all marketing and advertising needs including:
 - Eureka 2 branding
 - Eureka 2 logo for website
 - Eureka 2 marketing plan
 - Eureka 2 advertising campaign
 - Eureka 2 flyers
 - City/Parks maintenance employees supervised the Eureka 2 community build. Reports show they spent 6,398 man hours and in excess of \$173,000, which included significant amounts of overtime.

- The City paid \$7,789 for temporary staff to assist the Foundation during the Eureka 2 project.²² These amounts were not considered in the calculations of the Foundation’s ROI presented to the City.
- *Use of City/Parks personnel with no charge* for events such as “Juneteenth” and Cinco De Mayo
- *Payment of two invoices* for the Eureka 2 project totaling \$180,703.60

As none of these costs were considered in the calculation, the ROI figures presented in the memo are significantly overstated.

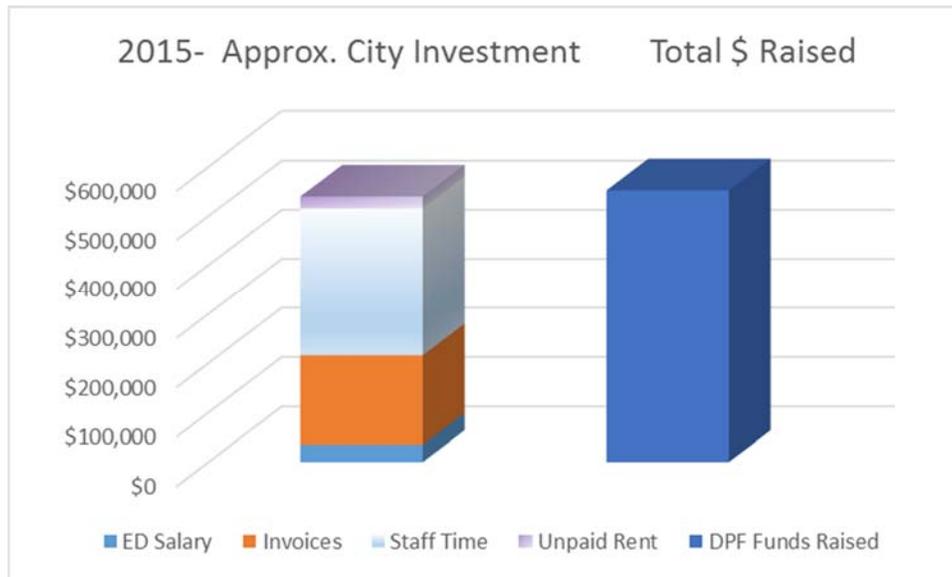
The PD Staff Report included this chart:



We calculate an estimate of City expenses in the following chart to present a more accurate picture of the City’s investment in the Foundation for 2015:²³

²² There were payments totaling \$161,534 paid to a temporary staffing agency “LC Personnel, Inc.”, (or “Labor Finders” within the PO system), related to the Parks maintenance and Parks administration cost centers. The \$7,789 total was identified based on the coding on the invoice and other relevant documentation, however there could have been additional temporary staffing benefiting the Foundation paid that was not coded to the project.

²³ The value of unpaid rent and staff time are not easily quantifiable. We estimated \$24,000 in unpaid rent and \$300,000 for Park employee time directed to the Eureka 2 project. A more detailed study of City/Parks allocation of resources to Foundation projects is beyond the scope of our work.



Usage of Parks personnel to support the Eureka 2 was significant and not reflected in the Foundation’s presentation to City Council regarding their return on investment.

Evaluation of the Employee and Vendor Master Files

Due to the nature of the relationship between the City and the Foundation, the employee and vendor master files assisted us in the evaluation of the interaction between the two entities to determine if there are any overlaps or potential conflicts of interest. For reference, the employee and vendor master files are an entity’s comprehensive listing of employees and vendors and typically include information such as name, identification numbers, addresses, phone numbers, etc.

We performed data analytics to compare the City employee and vendor listings to both the employees and vendors of the Foundation. In addition, we compared the Foundation employee and vendor listings to those of the City. It should be noted that this analysis was limited by the fact that the Foundation did not maintain the addresses associated with employees and vendors in its accounting software. Thus, our comparison could only be performed based on names. We expanded the employee listing to include both the Foundation Board of Directors and the current City Council.

As such, the list of Foundation personnel used in our analysis included the following:

Molly Tampke	Executive Director
Jennifer Collins	Administrative Assistant
Marc Culp	Board President
Pete Kamp	Board Vice President
Simone Royster	Board Treasurer
Don Edwards	Board Secretary

We also included the following individuals as part of our analysis of City parties who potentially could have received payments:

Chris Watts	Mayor
Sara Bagheri	Council Member
Gerard Hudspeth	Council Member
Don Duff	Council Member
Dalton Gregory	Council Member

John Ryan Council Member
 Keely Briggs Council Member

Foundation Payees on City Vendor List

Our analysis indicated that individuals from the Foundation employee listing were included on the City’s vendor listing and received \$23,478 in payments from the City during our Scope Period. A summary of those payments can be found in the chart immediately below.

Payments Received from City			
First Name	Last Name	Payments Received from City	Number of Payments
PETE	KAMP	\$23,151	6
MOLLY	TAMPKE	228	1
JENNIFER	COLLINS	100	1
TOTAL		\$23,478	8

We understand that Ms. Kamp served on the City Council until May 2014. Based on the transactional detail provided, the payments received by Ms. Kamp related to ordinary expense reimbursements she received while serving as a Denton City Council member and a payment related to a solar rebate program the City was offering. All the payments received by Foundation employees from the City appeared appropriate.

City Employees on the Foundation Vendor List

We noted City employees included as Foundation vendors that received \$8,653 in payments from the Foundation during our Scope Period. A summary can be found below:

Payments Received from the Foundation					
Employee ID	Status	Payments Received from Foundation	Number of Payments	Purpose	
1296405	Terminated	\$3,400	6	Juneteenth	
1328016	Active	1,236	5	Various	
176137	Active	1,097	1	Morale Fund	
116695	Active	620	2	Cinco de Mayo	
1621028	Terminated	600	1	Morale Fund	
108214	Active	565	2	Morale Fund	
2244607	Active	300	1	Morale Fund	
2155022	Terminated	286	1	Denia Fall Festival	
111755	Active	257	2	Morale Fund	
1840634	Active	150	1	Adaptive Rec Programs	
114227	Active	112	1	Morale Fund	
168073	Active	(A)	(A)	(A)	
1660262	Terminated	30	1	Cinco de Mayo	
TOTAL		\$8,653	24		

(A) Employee 168073 is the same as Employee 114227

As illustrated above, four of the 14 employees were considered “terminated” and no longer employed by the City at the time of our investigation. However, Employee 2155022 and Employee 1621028 were employed for a period of time during our scope.

City Vendors on Foundation Payee List:

There were no City vendors found on the Foundation payee list.

Foundation Vendors on City Payee List:

There were no Foundation vendors found on the City payee file.

Concern: Were there payments to City vendors who were also Foundation employees, and vice versa?

Findings: We noted no concerns found within the scope of our work.

- The infrequency and/or dollar value of payments received from the Foundation by City employees did not cause any concern, after determination of the amounts received.
- No known policy exists surrounding the receipt of monies by City employees from the Foundation. See the section on recommendations below.
- No matches on the City vendor master existed in the Foundation employee and vendor master file.
- Analysis was limited in nature due to the inability to cross reference physical addresses between the employee and vendor master files of the City and Foundation.

Assessment of the Foundation General Ledger

As we mentioned earlier in this report, Ms. Royster could have assisted us in our fact finding and regrettably, refused to participate in a personal interview. Therefore, our findings are limited to the extent that Ms. Royster could have answered some questions related to the Foundation's financial information. Many of the questions we would have asked her would have been related to Foundation's books and records, considering her role as the Foundation's Treasurer.

The Foundation uses QuickBooks to track its financial activities. QuickBooks is a common accounting software utilized by small businesses and entities. The software contains a tracking mechanism and produces a report known as the Audit Trail. The Audit Trail report allows a user to view the timing of all entries made into the software, including modified, voided and deleted transactions. Further, this report contains details such as the entry/modified date, which user made the entry/modification, the "state" of the transaction, the accounting date and the account name, among other things.

Throughout the course of the relationship between the City and the Foundation, we understand the Foundation would provide City employees, specifically employees of the City/Parks Department, and the City Council updates on activities, such as the fundraising completed by the Foundation. The Audit Trail report assisted us in determining the timing and to some degree the accuracy of the financial operations of the Foundation and therefore the accuracy of the financial updates provided to the City.

Part of our analysis consisted of analyzing the General Ledger and comparing the "Entered/Last Modified" date to the accounting date to determine the length of the time between the two. We determined that entries in which these two dates are in excess of 30 days typically warranted additional investigation.

We noted a significant amount of modifications that occurred more than 30 days from the accounting date. Additional testing was completed because of the regularity of the gap in days identified. See the Bank Statement and Check Register Analysis section below. We also understand that due to the relatively small size of the Foundation coupled with the fact that the Foundation Treasurer is a volunteer,

the frequency of entries made into the accounting software would be less, which would cause a greater number of days between date entered/modified and the accounting date.

Concern: What is the condition of the books and records of the Foundation?

Findings: Comments; something for the parties to be cautious about.

- The entering of most Foundation transactions into the QuickBooks software is delayed (*i.e.*, greater than 30 days). Additional testing was completed as a result – see Bank Statement and Check Register Analysis section below.
- The delay in recording transactions may have contributed to inaccuracy of amounts being provided to the City and its council members at the time information was requested from the Foundation.
- We were able to determine that there was only one log-in set up for an “Admin” user.
 - Due to the scope limitations noted above, we were not able to determine how many people are able to log-in with the “Admin” user, or who had access to the Foundation’s books and/or who all were responsible for the recording of entries.
- Due to the scope limitations previously mentioned, we were not able to adequately assess the controls around the Foundation’s accounting functions and systems.

General Ledger, Bank Statement and Check Register Analysis

Due to the financial relationship between the City and the Foundation, we requested bank statements, including check copies and check registers. The primary purpose of requesting this information was to verify and trace transactions recorded in the accounting software of both entities to the bank statements. In addition, due to the significant amount of transactions in the Foundation’s accounting records that possessed a date entered/modified that was in excess of 30 days of the accounting date, we utilized the bank statements to test the accuracy of the data being entered into their books.

During our scope period, we noted that the City issued \$207,620 in payments to the Foundation. The amounts are summarized by year below.

City Payments to the DPF	
Year	Amount
2012	\$269
2013	4,611
2014	75,727
2015	10,862
2016	36,450
2017	79,701
TOTAL	\$207,620

*2012 represents October 1 – December 31

We traced each of the checks issued by the City to the Foundation books and noted that all checks, with the exception of one, were recorded. We noted that check number 365367 made payable to “Denton

Parks Foundation” on May 25, 2017, in the amount of \$1,000 was not recorded in the books, nor has it cleared the City’s bank account. See **Exhibit 1**.

During the Scope Period, we discovered that the Foundation issued \$116,575 in payments to the City. The amounts are summarized by year below.

DPF Payments to the City	
Year	Amount
2012	\$7,475
2013	3,635
2014	27,706
2015	16,199
2016	22,351
2017	39,209
TOTAL	\$116,575

*2012 represents October 1 – December 31

Based on our analysis of the Foundation books and bank statements, we were able to confirm that the Foundation checks written to the City cleared the Foundation’s bank with the exception of two checks that were issued in September 2017. Check number 1759 made payable to the “City of Denton” on September 15, 2017, and check number 1760 made payable to the “City of Denton” on September 29, 2017 in the amounts of \$328 and \$17,030, respectively, likely do not show as cleared due to the cutoff of our Scope Period on September 30, 2017, and the delay in recording entries by Foundation.

As indicated in the “Assessment of the Foundation Audit Trail” from the section above, we traced transactions from the Foundation’s operating bank statement.²⁴ This analysis was completed on a sample basis and included the following months:

- April 2015
- June 2015
- October 2015
- April 2016
- June 2016
- October 2016
- February 2017
- June 2017

Concern: What is the condition of the books and records of the Foundation?

Findings: No exceptions. See recommendations cited later in this report.

- We were able to match each transaction from the months indicated above and noted no exceptions. This included tracing outstanding items from one month to the subsequent month. As such, we are comfortable that the Foundation’s books include all bank transactions. Of course, there are no guarantees that any potential “off-book” transactions did

²⁴ AccessBank Account XX6280

not occur, but we did not come across any indications of this in our limited review nor was it part of our scope of procedures.

- There are no policies or procedures related to the handling of monies to/from both entities.
- The Foundation’s financial records provided to us appear to accurately reflect the activity from its operating bank statements.

Foundation Sources / Uses of Income

Based on our analysis of the documentation provided to us by the City and the Foundation, we understand the Foundation was, from time to time, asked to provide an ROI analysis to the City and City Council. Further, we understand this was a method in which the City and City Council would evaluate the investment of City funds in the Foundation for purposes such as the salary of the Executive Director, supplies, etc. In completing the ROI calculation, the Foundation, to our knowledge, would compare the receipt of money by the Foundation to the dollar contribution provided to the Foundation by the City.

Foundation Sources of Income

The following is a listing of the income by type as recorded in the Foundation’s books during the Scope Period.

Income	
Betty Meyer's	87.00
Dev. Assistant Contract	15,000.00
ED Contract	166,500.00
Friends	1,000.00
Kroger Cares	53.49
Maintenance Fees	669.97
Membership Fees	50.00
Program Receipts	1,219,012.43
Scholarships	3,611.08
Splash Radio	10,650.00
United Way (Donor Designated)	11,272.96
Total Income	1,427,906.93

The “Dev. Assistant Contract” and “ED Contract” line items represent \$181,500 of the \$182,000 in assistance the City provided to the Foundation during the Scope Period. The remaining \$500 received by the Foundation was recorded in “Program Receipts.”

The following chart is a further breakdown of the Foundation’s “Program Receipts” by year:

2012	2013	2014	2015	2016	2017	Total
\$27,693	\$108,296	\$100,336	\$600,008	\$173,063	\$209,616	\$1,219,012

Additionally, **Exhibit 2** represents the “Program Receipts” by class (*i.e.*, purpose) by year for our Scope Period. The classes are based on the designation made by the Foundation when the amounts were recorded.

Foundation Uses of Income / Expenses

The following represents the uses of funds received by the Foundation during our Scope Period.

Expense	
Administrative Fees	12,295.05
Advertising	712.20
Audit Fees	12,700.00
Bank Charges	50.00
Community Events	1,460.32
Development Assistant	8,142.88
ED Contracted Services	151,124.05
Grant expenses	300.00
Insurance	4,153.00
Memberships	2,589.00
Office Expenses	1,787.40
Office Supplies	2,381.42
Parking Expenses	493.74
Postage	746.51
Printing & Reproduction	2,229.86
Program Expenses	1,071,261.27
Total Expense	1,272,426.70

As shown above, the majority of the uses of the funds were for “ED Contracted Services” and “Program Expenses.” The “ED Contracted Services” correlates to the “Dev. Assistant Contract” and “ED Contract” income illustrated above. As shown, the Foundation had only spent approximately \$151,124 of the \$181,500 it received by the City for the salary of the Foundation Executive Director and the assistant.

The following represents a further breakdown of the Foundation’s “Program Expenses” by year.

2012	2013	2014	2015	2016	2017	Total
\$33,781	\$97,755	\$112,676	\$492,602	\$253,216	\$81,232	\$1,071,262

We have included as **Exhibit 3** the “Program Expenses” by class (*i.e.*, purpose) by year for our Scope Period. As indicated earlier, the classes represent the Foundation designations that were made when entered into QuickBooks.

Eureka 2

Based on the data entered into QuickBooks, the revenue raised for the Eureka 2 playground project was \$434,387. See **Exhibit 2**. The expenditures related to the Eureka 2 playground project were \$392,623. See **Exhibit 3**. Thus, our analysis indicates that the Eureka 2 playground project had a project surplus of \$41,764. However, the balance remaining in the “Eureka – 2” cash account in QuickBooks as of the end of our Scope Period was \$35,507, as shown below.

DENTON PARKS FOUNDATION
Balance Sheet

As of September 30, 2017

	Sep 30, 17
ASSETS	
Current Assets	
Checking/Savings	
AccessBank Checking	
Eureka - 2	35,507.07

The Foundation records indicate that \$6,257 was charged against the “Eureka – 2” cash account that was unrelated to the Eureka 2 playground project, or expenses were not correctly classified when entered.

Eureka 2 playground proceeds/revenue equaled \$434,387 and expenses related to the project were \$392,623. According to the Foundation books, there should be \$41,764 in excess revenue related to the project, but only \$35,507 is remaining in the “Eureka – 2” cash account.

The Foundation books and records do not track donation pledges.

Other Findings

- The Foundation books and records do not clearly reflect the amounts they have raised from the sale of advertisements on City property.
 - The City/Parks Director remembered approving/authorizing the advertising and has since recognized that it was wrong. During our interview with him, he stated that it did not occur to him at the time that it was a problem for the Foundation to collect revenue for advertising placed on City property. However, in an email in June of 2015, he asked the question, “Is there any issue in putting DATCU name on the playground structure?” and concluded “Think I’ll just ask for forgiveness...”
- For some time, Foundation offices have been located in City offices, representing an in-kind donation from the City to the Foundation. The City/Parks Director stated that he relocated the Foundation to the Civic Center not only because donors would have better parking and the Foundation office would be easier to find, but also at the insistence of City/Parks staff.
- Customized pickets were sold as a fundraiser for the Eureka 2 project. A common theme through our interviews was regarding the poor handling of pickets by the Foundation, with complaints being made to City/Parks staff. City/Parks maintenance has continually asked the Foundation for a final list of the pickets, which has not yet been provided.
- There was a donation to the Foundation in the amount of \$1,500 for a memorial bench, based on an estimated cost of the bench. The actual cost to the City/Parks was allegedly \$328, which was less than the citizen was charged. The money was deposited into the Foundation. Multiple City/Parks personnel were uncomfortable with the overage being absorbed by the Foundation without notifying the donor.

Recommendations

Agreement with the Foundation/Clarification of Boundaries

Assuming the City and Foundation decide to move forward with a working arrangement between the parties, we recommend the following:

- Periodically evaluate the City's arrangements and financial relationship with the Foundation (and any other similar outside parties) and determine whether it is in the City's interest to continue the relationship/arrangement for a given time period. Document in an agreement that states clearly what amounts should be allocated for salaries, office supplies, etc., or if the City wants to give the money to be used at the Foundation's discretion.
- Develop a memorandum of understanding which sets out the scope of the relationship between the Foundation and the City, clearly defining roles and expectations between both, benchmarks to achieve and expected flow of money. In addition, develop policies for City employees for guidance with their interactions with the Foundation.
- Develop policies and procedures around the interactions between the City and the Foundation; related to:
 - generally and specifically related to monies that flow from one entity to the other
 - related to employees of either entity
- Define how the ROI calculation should be computed and any other metrics of measuring the success of the Foundation by the City.
- Define a reporting mechanism for the Executive Director of the Foundation to report to someone at the City, other than the City/Parks Director, to provide a control.

Accounting for Youth Sports Association fees

We recommend the following:

- Payments should be remitted to the City of Denton under the current agreement. The City would then be responsible for administering those funds.
- Alternatively, the City could terminate its agreement with the Youth Sports Association and develop a new arrangement for supporting the organization.
- The City should ask the Foundation to provide its own accounting of the funds collected and disbursed for these purposes.

City Operations

We recommend the following:

- Implement a Code of Conduct policy.
- Perform annual conflict of interest disclosures for City Council and department heads that identify business relationships and family. The focus should be on transparency regarding with whom the City does business.

Denton Parks Foundation Operations

We recommend the following:

- Implement control processes similar to the City for cash handling and procurement. This should reduce the temptation for individuals to direct activities towards a certain vendor.
- Develop of a Conflicts of Interest policy and a Code of Conduct policy to assist with the identification of potential conflicts of interest.
- Have more timely entry of financial transactions (within one to two weeks) in its bookkeeping records so that more accurate reports can be provided, both internally to the Foundation's Board and to the City.
- Set up procedures to ensure the recording and tracking of pledges, preferably by utilizing the accounting software.
- Enter the addresses of its vendors in its accounting software program to further help identify potential conflicts of interest.
- Conduct a review of internal controls and accounting controls to ensure that proper, accurate and timely accounting is done to support an accounting to the City.

EXHIBIT 1



Transaction Search

Details

Date/Time Printed 01/26/2018 02:31 PM PT

Account Number	9600151331
Account Name	CITYDENTOTE
Check	365367
Amount	1000.00 USD
Status	Outstanding
Posting Date	
As of Date	
Issue Date	05/25/2017
Payee	DENTON PARKS FOUNDATION
Bank ID	241253823
MICR Account	

Additional Item Details

VENDOR NAME: DENTON PARKS FOUNDATION

VENDOR NO: 548594

CHECK DATE: 5/25/2017

INVOICE NO.	DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT AMOUNT	NET AMOUNT
2017 SPONSORSHIP	5/11/2017	2017 SILVER SPONSORSHI	1,000.00		1,000.00
				TOTAL	1,000.00



CITY OF DENTON TEXAS
 OPERATING ACCOUNT
 215 E MCKINNEY ST
 DENTON, TEXAS 76201-4299

WELLS FARGO BANK, N.A.
 VOID IF CASHED AFTER 90 DAYS

CHECK NO: 00365367

DATE
5/25/2017

55 - 382
 412

PAY ONE THOUSAND AND 00/100*****

\$*****1,000.00

TO THE ORDER OF DENTON PARKS FOUNDATION
 RETURN TO PARKS DEPT

FILE COPY ONLY

MP

FILE COPY ONLY

MP

⑈00365367⑈ ⑆041203824⑆ 9600151331⑈

00365367



CITY OF DENTON TEXAS
 215 E MCKINNEY ST
 DENTON, TEXAS 76201-4299

DENTON PARKS FOUNDATION
 RETURN TO PARKS DEPT

CHECK REQUISITION - VOUCHER
(MUST BE PRINTED ON PINK PAPER)

5-29-17
13986316
0585983

ALL CHECK REQUISITIONS MUST BE SUBMITTED TO PURCHASING FOR APPROVAL
PURCHASING WILL FORWARD TO ACCOUNTS PAYABLE FOR PAYMENT TO BE ISSUED

PAY TO: Denton Parks Foundation

May 11, 2017

VENDOR #:

290423

NEW VENDOR

VENDOR NAME & REMITTANCE ADDRESS:

Juneteenth Committee

\$1,000.00

PO Box 51291

DEPARTMENT

Denton, Texas 76208

940-349-8575

CHECK TO BE PICKED UP
RELEASE CHECK TO:

Elizabeth Bell

INVOICE DATE, NUMBER, AND/OR EXPLANATION	ACCT. NO.	NET INV. AMT.
Sponsorship - Denton Juneteenth Celebration Silver Partner	600005.7912.9160A	\$1,000.00
TOTAL		\$1,000.00

SPECIAL INSTRUCTIONS

THE ABOVE HAS BEEN REVIEWED AND RECOMMENDATION FOR BILLING IS MADE BY THE UNDERSIGNED.

Purchasing Approval

Elizabeth Bell
Requested By

Elizabeth Bell
Print Requestor's Name

A/P Check Off

Director's Approval if Over \$5,000

Print Director's Name



P.O. Box 51291, Denton, Texas 76206 • (940) 349-8575

February 17, 2017

Dear Business Leader:

Excitement is building as we approach the 46th Anniversary of the City of Denton Juneteenth Celebration! We have great things planned and are looking forward to your support. The Denton Juneteenth Celebration Committee serves as a non-profit volunteer group whose mission is to actively preserve and promote the broad spectrum of African American heritage through educational and cultural activities that benefits the City of Denton community. The funds raised will be used for various events the Committee hosts throughout the year.

The events scheduled for the 2016-2017 fiscal year include an Essay Contest entitled "How has the Emancipation Proclamation affected you?", a Miss Juneteenth Pageant, a Leadership Conference, 3-on-3 Basketball Tournament, Flag Football Tournament, Softball Tournament, Gospel Night, Parade, "A Better Way Enterprises" Hometown Heroes Reception, Children's Games, and Hip Hop Explosion. At the 2016 Celebration over 5000 people attended the 2-day event. We anticipate that the growth of the event will be phenomenal!

Your business has the opportunity to advertise through several media outlets including radio, internet, billboard, flyers/posters, and newspapers. We would like to see your business as our top sponsor. You can choose to sponsor in the following areas:

LEVEL	RECOGNITION
Platinum Partner- \$3,500	<ul style="list-style-type: none"> -Naming rights to the stage (1st check received) -Name/logo in verbal/written references to event -Name /logo in press releases -Printed name and logo on flyers/posters -Name/logo on billboard -Full page ad in Souvenir Program Book -Free booth space -Name and logo inclusion on website -Verbal acknowledgement at each activity
Gold Partner- \$2,500	<ul style="list-style-type: none"> -Naming rights to the Children's Game Area -Printed name and logo on flyers/posters -Name/logo on billboard -Full page ad in Souvenir Program Book -Free booth space -Name/ logo inclusion on website -Verbal acknowledgement at each activity
Silver Partner- \$1,000	<ul style="list-style-type: none"> -Name/logo on billboard -Printed name/ logo on flyers/posters -Half page ad in Souvenir Program Book -Free booth space -Name/ logo inclusion on website
Bronze Partner-\$500	<ul style="list-style-type: none"> -1/4 page ad in Souvenir Program Book -Name/ logo inclusion on website
Friend of Denton Juneteenth-\$100	<ul style="list-style-type: none"> -Name recognition on website

Any and all contributions to this event are tax deductible, through sponsorship by the Denton Parks Foundation. Contributions may be mailed to:

Denton Juneteenth Celebration Committee
P.O. Box 51291
Denton, TX 76206

Make checks payable to the Denton Parks Foundation

Sincerely,
Cheyron Brown
Cheylon Brown,
Juneteenth Celebration Committee Chair

"A reflection of our past, a celebration of our FREEDOM!"

www.juneteenthdentontx.org

EXECUTIVE COMMITTEE

Cheyron Brown
Chairperson

Willie Hudspeth
Vice-Chairperson

Sharetta Lee
Secretary

Edward Patterson
Treasurer

Tammy Riggs
Assistant Treasurer

SUB-COMMITTEES

Entertainment/Gospel
Constance Pullam
Nagaris Johnson

Parade
Sharetta Lee
Beatrice Clay

Athletics
Johnathan Smith
Bobby Givens

Vendors
Bobby Givens
Clark Coleman

**Promotions/
Photography**
Anthony Caraway

Advertising Design
Alli Torres

Children's Games
Michael Herron
Belinda Tupper

Pageant
Sharetta Lee
Constance Pullam

Volunteer Coordinator
Edward Patterson

2016-2017 Denton Juneteenth Celebration

PARTNERSHIP INFORMATION

I Denton Municipal Electric (Elizabeth Bell) would like to partner with the Denton Juneteenth Celebration Committee at the Silver Level level.

Enclosed you will find my \$ 1,000⁰⁰ contribution.

Business/Company Name Denton Municipal Electric

Address: 1659 Spencer Road, Denton, TX 76205

Contact person's name: Elizabeth Bell

Phone: 940-349-7199 email: elizabeth.bell@cityofdenton.com

Partnership Levels

<p style="text-align: center;">Platinum Partner- \$3,500</p> <ul style="list-style-type: none"> -Naming rights to the stage (1st check received) -Name/logo in verbal/written references to event -Name /logo in press releases -Printed name and logo on flyers/posters -Name/logo on mobile billboard -Full page ad in Souvenir Program Book -Free booth space -Name and logo inclusion on website 	<p style="text-align: center;">Gold Partner- \$2,500</p> <ul style="list-style-type: none"> -Naming rights to the Children's Game Area -Printed name and logo on flyers/posters -Name/logo on mobile billboard -Full page ad in Souvenir Program Book -Free booth space -Name/ logo inclusion on website
<p style="text-align: center;">Silver Partner- \$1,000</p> <ul style="list-style-type: none"> -Name/logo on mobile billboard -Printed name/ logo on flyers/posters -Half page ad in Souvenir Program Book -Free booth space -Name/ logo inclusion on website 	<p style="text-align: center;">Bronze Partner- \$500</p> <ul style="list-style-type: none"> -1/4 page ad in Souvenir Program Book -Name/ logo inclusion on website <hr/> <p style="text-align: center;">Friend of Denton Juneteenth-\$100</p> <ul style="list-style-type: none"> -Name recognition on website

As a Partner, your business has the opportunity to market and advertise to millions of consumers through our successful event advertising and promotional support. We advertise and partner with DFW area radio stations, internet & websites, mobile billboard, flyers & posters, and local and area newspapers. * Any in-kind donations of services, vouchers, etc. are kindly accepted and donors will be listed in the souvenir booklet as a supporter of the Denton Juneteenth Celebration.

EXHIBIT 2

DENTON PARKS FOUNDATION: PROGRAM RECEIPTS

Denton Parks Foundation QuickBooks: Program Receipts - October 1, 2012 through September 30, 2017							
Class	2012	2013	2014	2015	2016	2017	Total
Accessible Playground	\$0	\$0	\$0	\$0	\$0	\$70,050	\$70,050
Adaptive Rec Programs	0	0	0	0	27	20	47
Aquatics	0	0	0	0	250	15,000	15,250
Athletic Scholarships	0	2,000	500	3,400	500	0	6,400
Bettye Myers Fund	0	87	8,113	0	0	0	8,200
Bill Terry Scholarship Fund	0	0	115	0	0	0	115
Cinco de Mayo	180	12,525	16,408	15,874	16,450	14,418	75,855
Cinco de Mayo Scholarship	0	725	0	0	0	0	725
Cool Beans Layer Run	0	0	0	0	0	1,050	1,050
CycloDia	0	0	0	0	0	950	950
DBL	0	0	0	0	0	7,626	7,626
Denia Rec Passes	0	100	100	120	110	0	430
Denia Special Projects	0	0	0	75	0	76	151
Dog Park	0	0	0	0	0	10	10
Duck Derby	0	2,000	0	0	0	0	2,000
Eureka-2	0	0	38	378,351	55,798	200	434,387
Foothills Foundation	0	0	0	102,500	0	0	102,500
Friends	0	0	4,505	15,105	1,665	27,095	48,370
General Fund	0	1,633	1,001	6,206	6,556	500	15,895
IOOF Cemetery	0	50	0	0	0	0	50
Juneteenth	500	8,342	6,354	2,500	2,546	1,000	21,241
Legacy Forest	200	600	400	1,300	500	2,250	5,250
Liberty Run	0	2,150	1,450	3,900	4,700	3,100	15,300
Mayor's Mile	0	1,350	0	1,150	0	0	2,500
Memorials	0	0	0	0	360	0	360
MLK Center	0	0	0	0	875	1,125	2,000
Morale Fund	1,344	986	3,974	2,730	3,016	1,868	13,918
Nette Schulz Bench	0	0	0	0	1,500	1,500	3,000
North Lakes Rec Center	0	1,025	350	600	250	0	2,225
Pops Carter Sculpture	0	0	0	0	0	1,588	1,588
PPP	0	1,050	300	0	0	0	1,350
Quakertown Park	0	0	0	1,200	0	0	1,200
Reindeer Romp	3,796	1,450	2,460	2,800	3,550	0	14,056
Scholarships	7,958	3,611	717	87	450	25,425	38,248
Senior Center	11,451	51,450	28,791	50,700	64,161	0	206,552
Shade Structures	0	0	0	0	0	20,000	20,000
Skate Park	0	0	0	0	215	4,225	4,440
Splash Park	0	6,931	7,005	0	0	0	13,937
Splash Radio	0	0	0	1,000	900	0	1,900
Target Grant	0	0	0	0	0	7,115	7,115
Vela Athletic Complex	1,000	0	0	0	0	0	1,000
Water Works Park	0	50	50	0	0	0	100
Youth Sports Enhancement	1,265	13,880	10,785	10,410	8,685	3,425	48,450
(blank)	0	(3,698)	6,920	0	0	0	3,222
TOTAL	\$27,693	\$108,296	\$100,336	\$600,008	\$173,063	\$209,616	\$1,219,012

EXHIBIT 3

DENTON PARKS FOUNDATION: PROGRAM EXPENSES

Denton Parks Foundation QuickBooks: Program Expenses - October 1, 2012 through September 30, 2017							
Class	2012	2013	2014	2015	2016	2017	Total
Adaptive Rec Programs	\$0	\$0	\$0	\$0	\$0	\$900	\$900
Aquatic Scholarships	245	0	0	916	0	0	1,161
Athletic Scholarships	20	1,554	6,420	3,807	1,047	2,087	14,935
Back to School	0	0	175	0	0	0	175
Bettye Myers Fund	0	0	3,496	3,200	0	0	6,696
Cemetery Improvements	0	0	50	0	0	0	50
Cinco de Mayo	120	17,066	12,510	20,185	16,271	16,953	83,105
Cinco de Mayo Scholarship	0	0	0	0	1,525	0	1,525
CycloDia	0	0	0	0	0	950	950
DBL	0	0	0	0	0	7,626	7,626
Denia Fall Festival	286	0	0	0	0	0	286
Denia Rec Passes	0	25	0	20	0	0	45
Denia Special Projects	0	0	0	0	78	76	154
Dog Park	1,241	0	0	0	0	0	1,241
Duck Derby	7,750	1,855	0	0	0	0	9,605
Eureka-2	0	0	250	360,151	31,208	1,014	392,623
Foothills Foundation	0	0	0	0	102,500	16,190	118,690
Friends	0	0	197	20	514	3,968	4,698
General Fund	0	77	1,088	83	197	190	1,636
Juneteenth	450	10,143	7,558	1,822	7,428	1,955	29,357
Legacy Forest	975	395	380	1,849	527	1,172	5,299
Liberty Run	0	0	0	6,416	3,000	0	9,416
Mayor's Mile	0	850	150	1,500	0	0	2,500
MLK Center	0	0	0	0	586	0	586
Morale Fund	2,185	1,630	2,820	2,426	4,718	854	14,633
Nette Schulz Bench	0	0	0	0	0	728	728
North Lakes Rec Center	0	0	0	874	110	0	984
PPP	0	2,561	1,635	75	0	0	4,271
Quakertown Park	0	0	0	1,200	0	0	1,200
Rec Passes	0	0	10	0	0	0	10
Reindeer Romp	27	2,176	2,850	2,500	0	0	7,553
Rotary Fountain	0	2,465	59	0	0	0	2,524
Scholarships	7,186	0	11,290	0	12,948	17,454	48,877
Senior Center	8,248	48,857	29,880	59,937	58,818	0	205,741
Splash Radio	0	0	4,298	0	575	0	4,873
Target Grant	0	0	0	0	0	9,115	9,115
Water Works Park	0	27	10,390	0	0	0	10,417
Youth Sports Enhancement	3,036	8,074	7,033	25,368	11,165	0	54,675
Zach Tucker Memorial	25	0	723	253	0	0	1,000
(blank)	1,988	0	9,416	0	0	0	11,404
TOTAL	\$33,781	\$97,755	\$112,676	\$492,602	\$253,216	\$81,232	\$1,071,261

EXHIBIT 4

Form 990

Return of Organization Exempt From Income Tax

OMB No 1545-0047

2014

Department of the Treasury Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public Information about Form 990 and its instructions is at www.irs.gov/form990

Open to Public Inspection

A For the 2014 calendar year, or tax year beginning 01-01-2014, and ending 12-31-2014

B Check if applicable: Address change, Name change, Initial return, Final return/terminated, Amended return, Application pending. C Name of organization: DENTON PARKS FOUNDATION INC. D Employer identification number: 75-2275201. E Telephone number: (940) 349-8272. G Gross receipts \$ 166,008. F Name and address of principal officer: SIMONE ANDERSON, 604 S ELM STREET, DENTON, TX 76201. H(a) Is this a group return for subordinates? Yes No. H(b) Are all subordinates included? Yes No. H(c) Group exemption number. I Tax-exempt status: 501(c)(3). J Website: N/A. K Form of organization: Corporation. L Year of formation: 1996. M State of legal domicile: TX.

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: SUPPORT OF DENTON PARKS AND RECREATION ACTIVITIES. 2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets. 3 Number of voting members of the governing body: 3. 4 Number of independent voting members of the governing body: 4. 5 Total number of individuals employed in calendar year 2014: 5. 6 Total number of volunteers (estimate if necessary): 6. 7a Total unrelated business revenue from Part VIII, column (C), line 12: 0. 7b Net unrelated business taxable income from Form 990-T, line 34: 0.

Revenue

Table with 3 columns: Line number, Description, Prior Year, Current Year. Rows 8-12: Contributions and grants, Program service revenue, Investment income, Other revenue, Total revenue.

Expenses

Table with 3 columns: Line number, Description, Prior Year, Current Year. Rows 13-19: Grants and similar amounts paid, Benefits paid to or for members, Salaries, other compensation, employee benefits, Professional fundraising fees, Total fundraising expenses, Other expenses, Total expenses, Revenue less expenses.

Net Assets or Fund Balances

Table with 3 columns: Line number, Description, Beginning of Current Year, End of Year. Rows 20-22: Total assets, Total liabilities, Net assets or fund balances.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here: Signature of officer: SIMONE ROYSTER TREASURER. Date: 2015-11-11.

Paid Preparer Use Only: Preparer's name: JOHN E BAINES CPA. Preparer's signature: JOHN E BAINES CPA. Date: [blank]. Check if self-employed: [blank]. PTIN: [blank]. Firm's name: JOHN E BAINES PC. Firm's address: 604 S ELM ST, DENTON, TX 762016808. Phone no: (940) 565-9015.

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III Yes No

1 Briefly describe the organization's mission

SUPPORT OF DENTON PARKS AND RECREATION ACTIVITIES

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a	(Code)	(Expenses \$	126,706	including grants of \$) (Revenue \$	163,135)
FUNDS WERE RAISED AND USED FOR DENTON PARKS AND RECREATION ACTIVITIES TO SERVE THE OVERALL DENTON POPULATION AND SURROUNDING COUNTIES EVENTS SPOSED WERE CINCO DE MAYO, JUNETEENTH, LIBERTY RUN, SENIOR CENTER, AND MANY OTHER ACTIVITIES TO PROMOTE THE DENTON PARKS AND CREATE							

4b	(Code)	(Expenses \$		including grants of \$) (Revenue \$)
CONT EXPOSURE OF THE MANY ACITIVITIES PROVIDED BY DENTON PARKS FOR THE COMMUNITY							

4c	(Code)	(Expenses \$		including grants of \$) (Revenue \$)
-----------	---------	--------------	--	------------------------	---------------	--	---

4d	Other program services (Describe in Schedule O)		(Expenses \$		including grants of \$) (Revenue \$	
-----------	--	--	--------------	--	------------------------	---------------	--

4e	Total program service expenses		126,706				
-----------	---------------------------------------	--	---------	--	--	--	--

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	Yes	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?		No
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>		No
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		No
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>		No
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		No
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	Yes	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		No
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i> (see instructions)		No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		No
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		

Part IV Checklist of Required Schedules (continued)

21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II . . .</i>	21	No
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III . . .</i>	22	Yes
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J . . .</i>	23	No
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a . . .</i>	24a	No
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . .	24b	
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . .	24c	
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . .	24d	
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I . . .</i>	25a	No
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I . . .</i>	25b	No
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II . . .</i>	26	No
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III . . .</i>	27	No
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . .</i>	28a	No
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . .</i>	28b	No
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV . . .</i>	28c	No
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M . . .</i>	29	No
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M . . .</i>	30	No
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I . . .</i>	31	No
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II . . .</i>	32	No
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I . . .</i>	33	No
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1 . . .</i>	34	No
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	No
b If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2 . . .</i>	35b	No
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2 . . .</i>	36	
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI . . .</i>	37	No
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O . . .	38	Yes

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Main form grid with columns for question numbers (1a-14b), Yes/No boxes, and input fields for numerical values.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	a The governing body?	Yes	
8b	b Each committee with authority to act on behalf of the governing body?	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		No
10b	b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	b Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13		No
12b	b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?		
12c	c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done		
13	Did the organization have a written whistleblower policy?		No
14	Did the organization have a written document retention and destruction policy?		No
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	a The organization's CEO, Executive Director, or top management official		No
15b	b Other officers or key employees of the organization		No
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		No
16b	b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the States with which a copy of this Form 990 is required to be filed TX
- 18** Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records
 SIMONE ROYSTER
 604 S ELM STREET
 DENTON, TX 76201 (940) 565-9015

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII └

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) TIM CROUCH PRESIDENT	1 00	X		X						
(2) SIMONE ROYSTER TREASURER	2 00	X		X						
(3) DON EDWARDS SECRETARY	1 00	X		X						
(4) MARC CULP VICE-PRESIDENT	1 00	X		X						
(5) MARY ANN MCDUFF BOARD MEMBER	1 00	X								
(6) PRISCILLA SANDERS BOARD MEMBER	1 00	X								
(7) BETTYE MYERS BOARD MEMBER	1 00	X								
(8) LINNIE MCADAMS BOARD MEMBER	1 00	X								
(9) SHELLY RENFRO BOARD MEMBER	1 00	X								
(10) MARK HUFF BOARD MEMBER	1 00	X								
(11) JEAN KELLER BOARD MEMBER	1 00	X								
(12) AMANDA CROCKER BOARD MEMBER	1 00	X								
(13) LUKE GOHLKE BOARD MEMBER	1 00	X								
(14) MATT STARR BOARD MEMBER	1 00	X								

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Insttutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(15) VICKI BYRD BOARD MEMBER	1	X								
(16) MOLLY TAMPKE DIRECTOR	40				X		35,000			

1b Sub-Total			
c Total from continuation sheets to Part VII, Section A			
d Total (add lines 1b and 1c)		35,000	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		No
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual		No
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns 1a					
	b Membership dues 1b					
	c Fundraising events 1c					
	d Related organizations 1d					
	e Government grants (contributions)					
	f All other contributions, gifts, grants, and similar amounts not included above 1f	2,786				
	g Noncash contributions included in lines 1a-1f \$					
	h Total. Add lines 1a-1f ▶	2,786				
Program Service Revenue	2a _____ Business Code					
	b _____					
	c _____					
	d _____					
	e _____					
	f All other program service revenue	163,135				
	g Total. Add lines 2a-2f ▶	163,135				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶	87				
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties ▶					
	6a Gross rents	(i) Real				
		(ii) Personal				
		b Less rental expenses				
		c Rental income or (loss)				
	d Net rental income or (loss) ▶					
	7a Gross amount from sales of assets other than inventory	(i) Securities				
		(ii) Other				
		b Less cost or other basis and sales expenses				
		c Gain or (loss)				
	d Net gain or (loss) ▶					
	8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 a					
		b Less direct expenses b				
		c Net income or (loss) from fundraising events . . ▶				
	9a Gross income from gaming activities See Part IV, line 19 a					
		b Less direct expenses b				
		c Net income or (loss) from gaming activities . . ▶				
	10a Gross sales of inventory, less returns and allowances a					
b Less cost of goods sold b						
c Net income or (loss) from sales of inventory . . ▶						
Miscellaneous Revenue		Business Code				
11a _____						
b _____						
c _____						
d All other revenue						
e Total. Add lines 11a-11d ▶						
12 Total revenue. See Instructions ▶	166,008	163,222				

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to domestic organizations and domestic governments See Part IV, line 21				
2	Grants and other assistance to domestic individuals See Part IV, line 22				
3	Grants and other assistance to foreign organizations, foreign governments, and foreign individuals See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	35,000	28,000	7,000	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages				
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9	Other employee benefits				
10	Payroll taxes				
11	Fees for services (non-employees)				
a	Management				
b	Legal				
c	Accounting	3,700	0	3,700	0
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)				
12	Advertising and promotion				
13	Office expenses	2,000	0	2,000	0
14	Information technology				
15	Royalties				
16	Occupancy				
17	Travel				
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest				
21	Payments to affiliates				
22	Depreciation, depletion, and amortization				
23	Insurance	770	0	770	0
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a	PROGRAM TRANSFER SERVICES	98,216	98,216	0	0
b	MEMBERSHIPS	972	0	972	0
c	COMMUNITY EVENTS	700	490	210	0
d	POSTAGE & PRINTING	404	0	404	0
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e	141,762	126,706	15,056	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year
Assets	1 Cash-non-interest-bearing	210,993	1	235,040
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net		4	
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges		9	181
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a		10c
	b Less accumulated depreciation	10b		
	11 Investments—publicly traded securities		11	
	12 Investments—other securities See Part IV, line 11		12	
	13 Investments—program-related See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11		15	
16 Total assets. Add lines 1 through 15 (must equal line 34)		210,993	16	235,221
Liabilities	17 Accounts payable and accrued expenses		17	
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25		0	26
Net Assets or Fund Balances	27 Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	8,066	27	3,585
	28 Temporarily restricted net assets	202,927	28	231,636
	29 Permanently restricted net assets		29	
	30 Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	210,993	33	235,221
34 Total liabilities and net assets/fund balances	210,993	34	235,221	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	166,008
2	Total expenses (must equal Part IX, column (A), line 25)	2	141,762
3	Revenue less expenses Subtract line 2 from line 1	3	24,246
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	210,993
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	152
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	235,221

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
DENTON PARKS FOUNDATION INC

Employer identification number
75-2275201

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

- The organization is not a private foundation because it is (For lines 1 through 11, check only one box)
- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
 - 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
 - 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
 - 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
 - 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
 - 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
 - 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
 - 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
 - 9 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
 - 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
 - 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s) **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions) **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions) **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization
 - f Enter the number of supported organizations _____
 - g Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
Total						

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						0

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						0
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f))	14	0 %
15 Public support percentage for 2013 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2014. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 33 1/3% support test—2013. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2014. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2013. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	112,011	135,533	119,118	118,997	165,921	651,580
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5	112,011	135,533	119,118	118,997	165,921	651,580
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6)						651,580

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
9 Amounts from line 6	112,011	135,533	119,118	118,997	165,921	651,580
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	294	279	192	90	87	942
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	294	279	192	90	87	942
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part VI)						
13 Total support. (Add lines 9, 10c, 11, and 12)						652,522
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f))	15	99.860%
16 Public support percentage from 2013 Schedule A, Part III, line 15	16	99.650%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2014 (line 10c, column (f) divided by line 13, column (f))	17	0.140%
18 Investment income percentage from 2013 Schedule A, Part III, line 17	18	0.350%

- 19a** 33 1/3% support tests—2014. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization
- b** 33 1/3% support tests—2013. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization
- 20** Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Part IV Supporting Organizations

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination.		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.		
4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations, (b) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI.		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990).		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part II of Schedule L (Form 990).		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI.		
b Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI.		
c Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI.		
10a Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer b below.		
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings).		
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b A family member of a person described in (a) above?		
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.		

Part IV Supporting Organizations (continued)

Section B. Type I Supporting Organizations

- 1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? *If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.*
- 2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.*

	Yes	No
1		
2		

Section C. Type II Supporting Organizations

- 1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? *If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).*

	Yes	No
1		

Section D. All Type III Supporting Organizations

- 1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?
- 2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).*
- 3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.*

	Yes	No
1		
2		
3		

Section E. Type III Functionally-Integrated Supporting Organizations

- 1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions)
 - a The organization satisfied the Activities Test Complete line 2 below
 - b The organization is the parent of each of its supported organizations Complete line 3 below
 - c The organization supported a governmental entity Describe in Part VI how you supported a government entity (see instructions)

2 **Activities Test** Answer (a) and (b) below.

- a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*
- b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*

3 **Parent of Supported Organizations** Answer (a) and (b) below.

- a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? *Provide details in Part VI.*
- b Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? *If "Yes," describe in Part VI the role played by the organization in this regard.*

	Yes	No
2a		
2b		
3a		
3b		

Part V – Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income

	(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1	
2 Recoveries of prior-year distributions	2	
3 Other gross income (see instructions)	3	
4 Add lines 1 through 3	4	
5 Depreciation and depletion	5	
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7 Other expenses (see instructions)	7	
8 Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8	

Section B - Minimum Asset Amount

	(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year)	1	
a Average monthly value of securities	1a	
b Average monthly cash balances	1b	
c Fair market value of other non-exempt-use assets	1c	
d Total (add lines 1a, 1b, and 1c)	1d	
e Discount claimed for blockage or other factors (explain in detail in Part VI) _____		
2 Acquisition indebtedness applicable to non-exempt use assets	2	
3 Subtract line 2 from line 1d	3	
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6 Multiply line 5 by .035	6	
7 Recoveries of prior-year distributions	7	
8 Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount

		Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2 Enter 85% of line 1	2	
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4 Enter greater of line 2 or line 3	4	
5 Income tax imposed in prior year	5	
6 Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7 <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)		

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI) See instructions	
7 Total annual distributions. Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions	
9 Distributable amount for 2014 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1 Distributable amount for 2014 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2014 (reasonable cause required--see instructions)			
3 Excess distributions carryover, if any, to 2014			
a From 2009.			
b From 2010.			
c From 2011.			
d From 2012.			
e From 2013.			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2014 distributable amount			
i Carryover from 2009 not applied (see instructions)			
j Remainder Subtract lines 3g, 3h, and 3i from 3f			
4 Distributions for 2014 from Section D, line 7			
a Applied to underdistributions of prior years			
b Applied to 2014 distributable amount			
c Remainder Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2014, if any Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions)			
6 Remaining underdistributions for 2014 Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions)			
7 Excess distributions carryover to 2015. Add lines 3j and 4c			
8 Breakdown of line 7			
a From 2010.			
b From 2011.			
c From 2012.			
d From 2013.			
e From 2014.			

Part VI Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Return Reference	Explanation
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SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2014

Open to Public Inspection

Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990.

Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

Department of the Treasury Internal Revenue Service

Name of the organization DENTON PARKS FOUNDATION INC

Employer identification number 75-2275201

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

Table with 3 columns: Line number, (a) Donor advised funds, (b) Funds and other accounts. Rows include Total number at end of year, Aggregate value of contributions, and questions about donor advisement.

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

Form section for Conservation Easements with multiple questions (1-9) and a table for 'Held at the End of the Year' with rows 2a, 2b, 2c, 2d.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

Form section for Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets with questions 1a, 1b, and 2.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a Public exhibition
- b Scholarly research
- c Preservation for future generations
- d Loan or exchange programs
- e Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIII and complete the following table

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a Board designated or quasi-endowment ▶
 - b Permanent endowment ▶
 - c Temporarily restricted endowment ▶
- The percentages in lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	

4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment				
e Other				

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains (losses) on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)		5	

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)		5	

Part XIII Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Return Reference	Explanation

**Schedule I
(Form 990)**

**Grants and Other Assistance to Organizations,
Governments and Individuals in the United States**

2014

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.

▶ Attach to Form 990.

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

▶ Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization

DENTON PARKS FOUNDATION INC

Employer identification number

75-2275201

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

- 2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table
- 3 Enter total number of other organizations listed in the line 1 table

Part III Grants and Other Assistance to Domestic Individuals. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV Supplemental Information. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.

2014

Open to Public
Inspection

Name of the organization
DENTON PARKS FOUNDATION INC

Employer identification number

75-2275201

990 Schedule O, Supplemental Information

Return Reference	Explanation
Pt VI, Line 11b	Copies of the form 990 are made available for review by board members
Pt VI, Line 19	Copies are available for review in the Foundation's office
Form 990EZ, Part I, Line 16	OFFICE EXPENSE INSURANCE

APPENDIX 1

October 20, 2017

Mr. Charles Springer, Director of Finance
City of Denton, Texas
215 E. McKinney Street
Denton, TX 76201

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide to the City of Denton, Texas.

OUR SERVICES AND RESPONSIBILITIES

We will provide fraud investigation services for the City of Denton, Texas in connection with concerns raised from a tip received from the City's anonymous hotline and investigated by the City's internal auditor about the relationship between the City of Denton Parks Department and the Denton Parks Foundation.. Our proposed scope of services for Phase I of this engagement includes an assessment of the City of Denton internal auditor's working papers and files (i.e. City Auditor); interviews of the City of Denton, Texas management; and an evaluation of potential procedures to perform in additional phases of our investigation. Should this engagement require additional phases of services, we will provide you with an addendum to this engagement letter for those additional phases.

There can be no assurance that such procedures will identify fraud that may exist. Therefore, at the conclusion of our engagement, we will request representation from you that the procedures performed are sufficient for your purposes.

At the conclusion of our work, we will present our findings either orally or through a written report. We have been retained to provide fraud investigation services only; however, we understand and accept that we may be requested to furnish testimony at trial and will prepare accordingly.

We will not update our report for or disclose any event or circumstances after the date of our report.

If for any reason we are not able to complete our fraud investigation, we may decline to issue a report as a result of this engagement.

Todd Burchett will be the lead service provider for this engagement.

Mr. Charles Springer, Director of Finance
City of Denton, Texas
October 20, 2017
Page 2

ENGAGEMENT FEES

Based upon the information you have provided, we have initially estimated our fees will be \$11,000 based on 40 hours of work. This is an estimate only and not a cap or guaranteed maximum. In addition, you will be billed travel costs, if any, as well as an administrative fee of 4% to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items. This fee estimate assumes that all information will be provided to us completely and expeditiously and that no unusual or unanticipated circumstances arise in our engagement. If unusual or unanticipated circumstances require us to expand the scope of our engagement, we will discuss this with you before beginning the additional work. For purposes of this agreement, it is assumed that expanding the scope of our engagement, including upon your request, will increase our anticipated fees. Throughout this engagement, we will monitor the time spent and notify you if and when it becomes apparent to us that our total fees may exceed our estimated fee or hours. We will not proceed without proper authorization from you.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. We will issue progress billings during the course of our engagement, and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10% per annum.

All outstanding invoices for services shall be paid prior to the delivery of any written report, any depositions of BKD personnel in connection with this engagement and trial testimony by BKD personnel. We reserve the right to withdraw from the engagement if our fees are not paid.

Our hourly rates are subject to at least annual adjustments. Because we do not know how long our services may be required, you will be responsible for fees at the hourly rates in effect at the time work is performed.

If testimony or deposition is required because of any subpoena, you shall be responsible for any additional time, fees and charges regardless of the issuing party.

In the event of a question or dispute about any invoice you receive, you agree to contact your BKD professional within 10 days of your receipt of the invoice. We will work with you to answer questions and address disputed issues as quickly as possible. For this engagement, the person to contact with respect to any such billing questions and issues is Todd Burchett.

Mr. Charles Springer, Director of Finance
City of Denton, Texas
October 20, 2017
Page 3

OTHER ENGAGEMENT MATTERS AND LIMITATIONS

During the course of our engagement, it may be necessary for us to prepare written reports that support our conclusions. These reports are not to be published or used in any other manner other than noted above without the written consent of BKD.

As of the date of this letter, we are not aware of any conflicts of interest with any party. If we determine that a potential conflict of interest has arisen, we will immediately advise you so that a determination may be made by both of us as to whether we should continue to be engaged. If services are terminated as a result of a conflict of interest, or for any other reason, you agree to pay us for time expended to date. In addition, you will be billed travel costs, if any, as well as an administrative fee of 4% to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items.

We will use and rely on information furnished by you and on information available from generally recognized public sources.

Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, we may be requested by regulatory or enforcement bodies to make certain workpapers available to them pursuant to authority granted by law or regulation. You agree that we have no legal responsibility to you in the event we provide such documents or information pursuant to legal process.

To the extent allowed by Texas law, you agree to indemnify and hold harmless BKD and its personnel from any claims, liabilities, costs and expenses relating to our services under this agreement, except to the extent determined to have resulted from the intentional or deliberate misconduct of BKD personnel.

Any liability of BKD and its personnel to you is limited to the amount of the fee you paid for this engagement as liquidated damages.

You agree that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if each of us agrees to be bound. We will share any costs of mediation proceedings equally.

Mr. Charles Springer, Director of Finance
City of Denton, Texas
October 20, 2017
Page 4

Either of us may terminate these services at any time. Both of us must agree, in writing, to any future modifications or extensions. If services are terminated, you agree to pay us for time expended to date. In addition, you will be billed travel costs, if any, as well as an administrative fee of 4% to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items.

If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on heirs, successors and assigns of you and BKD.

We may from time to time utilize third-party service providers, *e.g.*, domestic software processors or legal counsel, or disclose confidential information about you to third-party service providers in serving your account. We remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information. In the event we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider.

We will, at our discretion or upon your request, deliver financial or other confidential information to you electronically via email or other mechanism. You recognize and accept the risk involved, particularly in email delivery as the Internet is not necessarily a secure medium of communication as messages can be intercepted and read by those determined to do so.

You agree you will not modify these documents for internal use or for distribution to third parties. You also understand that we may on occasion send you documents marked as draft and understand that those are for your review purpose only, should not be distributed in any way and should be destroyed as soon as possible.

Any time you intend to reference our firm name in any manner in any published materials, including on an electronic site, you agree to provide us with draft materials for our review and approval before publishing or posting such information unless publishing or posting such information is required by the rules of civil procedure or court order.

Mr. Charles Springer, Director of Finance
City of Denton, Texas
October 20, 2017
Page 5

BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners of **BKD, LLP** have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, unlike the partners in a general partnership, the partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, including by way of indemnification, contribution, assessment or otherwise, for any debts, obligations or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract or otherwise.

We are an independent accounting firm allowed to use the name "Praxity" in relation to our practice. We are not connected by ownership with any other firm using the name "Praxity," and we will be solely responsible for all work carried out by us on your behalf. In deciding to engage us, you acknowledge that we have not represented to you that any other firm using the name "Praxity" will in any way be responsible for the work that we do.

We will be pleased to discuss this letter with you and look forward to the opportunity of serving you. If the above arrangements are acceptable to you, please sign the enclosed copy of this letter and return it to us. If the signed copy you return to us is in electronic form, you agree that such copy shall be legally treated as a "duplicate original" of this agreement.

BKD, LLP

BKD, LLP

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

CITY OF DENTON, TEXAS

BY *Charles Springer*
Charles Springer, Director of Finance

DATE 10/20/2017

ORDINANCE NO. 2017-368

AN ORDINANCE AUTHORIZING THE ENGAGEMENT OF THE LAW FIRM OF LYNN, ROSS AND GANNAWAY, LLP, AND THE BKD, LLP ACCOUNTING FIRM, TO COMPLETE A PREVIOUSLY INITIATED AUDIT AND INVESTIGATION, PURSUANT TO THE TERMS OF THE ATTACHED CONTRACT FOR PROFESSIONAL SERVICES; AND FURTHER AUTHORIZING THE EXPENDITURE OF BUDGETED FUNDS FOR THE ENGAGEMENT, IN AN AMOUNT NOT TO EXCEED \$50,000, WITHOUT SUBSEQUENT AMENDMENT OF THE APPROVED CONTRACT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Council of the City of Denton, Texas understands that the contracted services are exempted from ordinary bidding and procurement requirements by the Professional Services Procurement Act, and case law interpretations of same. *See, Tex. Gov't Code §2254.001, et seq.*; and

WHEREAS, the Council of the City of Denton, Texas finds that the contracted services are necessary and appropriate, due to the departure of the City's Internal Auditor after initiating this investigation, as well as the consequent needs to take prompt remedial actions (if any should prove necessary), and to reach a timely, unbiased, and definitive resolution of any public controversy which might arise out of this pending and unresolved investigation and audit; and

WHEREAS, with due deference to the language and intent of Section 6.04 of Denton's Charter, the Council of the City of Denton, Texas finds that during the vacancy of the City Auditor position, this pending and unresolved investigation and audit should proceed at the hands of outside legal and auditing professionals reporting directly to the City Council; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The above recitals are fully adopted and incorporated herein for all purposes.

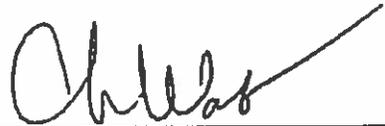
SECTION 2. The Mayor is hereby authorized to execute the engagement arrangement by and between the City and the law firm of Lynn, Ross and Gannaway, LLP, and the BKD, LLP accounting firm for professional services, as stated substantially in the terms of said Agreement, attached hereto as Exhibit "A", incorporated herein by reference.

SECTION 3. The award of this Agreement by the City is on the basis of the demonstrated competence, knowledge, and qualifications of the firms and the demonstrated ability of the firms, and their demonstrated ability to timely perform the services needed by the City, for fair and reasonable fees.

SECTION 4. The expenditure of funds as provided in the attached Agreement is hereby limited to an amount not to exceed Fifty Thousand Dollars (\$50,000), unless later amended.

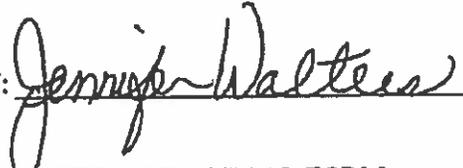
SECTION 5. This Ordinance shall become effective immediately upon its passage and approval.

PASSED AND APPROVED this the 14th day of November, 2017.



CHRIS WATTS, MAYOR

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: 

APPROVED AS TO LEGAL FORM:
AARON LEAL, CITY ATTORNEY

BY: /s/ Jerry E. Drake. Jr._____

**CONFIDENTIAL
ATTORNEY-CLIENT PRIVILEGE**

November 7, 2017

Mayor Chris Watts and Denton City Council
City of Denton
215 E. McKinney St.
Denson, TX 76201

**Re: Retention of Legal Counsel to work with Forensic Accounting Firm Investigation
Relationship between City of Denton and Denton Parks Foundation
October 1, 2012 – September 30, 2017**

Dear Mayor and Council:

We appreciate being asked to assist the City of Denton ("City") in conducting this confidential investigation. In this role, we will be engaged in the dual functions of fact-finding and legal analysis. It is our understanding the City of Denton intends to establish a relationship with our firm that would establish not only an attorney/client privilege with regard to verbal and written communications, but also would cloak our investigation notes and other documents with the attorney work product privilege. To facilitate a thorough investigation, we have been authorized to retain BKD, LLP's Forensics & Valuation Services team, ("BKD").

I have attached a copy of BKD's engagement letter as Exhibit A, which is incorporated by reference into this Engagement.

Anticipated Fees

Based on the information that has been made available to both BKD and my firm, we initially estimate that BKD's fees will be \$30,000. I estimate that my fees should not exceed \$20,000, as I bill at \$250.00 per hour. This estimate assumes all information will be provided to us completely and expeditiously.

Throughout this engagement, we will monitor the time spent and notify you if and/or when it becomes apparent to us that our total fees may exceed our estimated fee.

We will commence our duties as Special Legal Counsel and begin the investigation upon your execution of a copy of this engagement letter. Travel time is considered time worked and is billed accordingly.

EXHIBIT
A to Ordinance

Other Charges

The City will be responsible for all expenses which are incurred during the investigation including travel costs and an administrative fee of 4% assessed by BKD, to cover items such as postage, supplies, technology-related costs such as computer processing, software licensing and research and library databases.

Billing Cycle

Our billing rates are based on the assumption of prompt payment. Consequently, unless other arrangements are made, fees for services and other charges will be billed monthly and are payable within thirty (30) days of receipt. Our billing cycle ends on the 20th of each month.

If the foregoing correctly reflects the City's understanding of the terms and conditions of our engagement, please so indicate by executing this letter in the space provided below and return it to the undersigned.

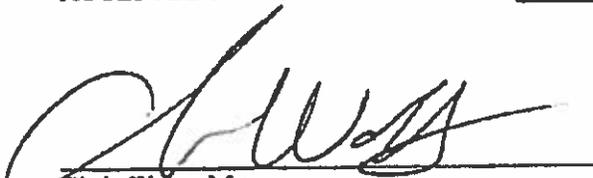
Please contact me if you have any questions. We are pleased to have this opportunity to be of service and to work with you.

Very truly yours,

/s/ Julia Gannaway

Julia Gannaway
Gannaway@Laborcounsel.net
Writer's Direct Dial: (817) 332.8512

ACCEPTED AND AGREED TO THIS 14th DAY OF NOVEMBER, 2017.



Chris Watts, Mayor

APPROVED AS TO LEGAL FORM:
AARON LEAL, CITY ATTORNEY

BY: /s/ Jerry E. Drake, Jr.

November 3, 2017

Ms. Julia Gannaway
Lynn, Ross & Gannaway, LLP
306 West Broadway Avenue
Fort Worth, TX 76104

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide to Lynn, Ross & Gannaway, LLP.

OUR SERVICES AND RESPONSIBILITIES

We will provide forensic accounting investigation services for Lynn, Ross & Gannaway, LLP in connection with your client, City of Denton, Texas, and concerns raised from a tip received from the City of Denton, Texas' anonymous hotline and initially investigated by the City's Fraud, Waste, and Abuse committee about the relationship between the City of Denton and the Denton Parks Foundation. We will work with you to develop the scope and nature of specific procedures to be performed.

There can be no assurance that such procedures will identify fraud that may exist. Therefore, at the conclusion of our engagement, we will request representation from you that the procedures performed are sufficient for your purposes.

At the conclusion of our work, we will present our findings either orally or through a written report. We have been retained to provide forensic accounting investigation services only; however, we understand and accept that we may be requested to furnish testimony at trial and will prepare accordingly.

We will not update our report for or disclose any event or circumstances after the date of our report.

If for any reason we are not able to complete our fraud investigation, we may decline to issue a report as a result of this engagement.

Mr. Todd Burchett will be the lead service provider for this engagement.

EXHIBIT
A to Exhibit A

Praxity
ACCOUNTING

Ms. Julia Gannaway
Lynn, Ross & Gannaway, LLP
November 3, 2017
Page 2

ENGAGEMENT FEES

Due to the nature of the services requested, it is not possible to provide an accurate estimate of the total time or fees required to complete the tasks assigned. The ultimate fees depend on a variety of factors including, but not limited to, the extent and nature of the documents and information provided and positions taken by the parties, the adequacy and condition of the records, the developments that may occur as work progresses, the amount of time required working with you and your client, requests by you during the course of the work, the extent of the cooperation obtained from you and others and various other related factors.

Therefore, our fees will be based on time expended. In addition, you will be billed travel costs, if any, as well as an administrative fee of 4 percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items.

As agreed by you and the City of Denton, Texas, all statements will be addressed to and payable by the City of Denton, Texas.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. We will issue progress billings during the course of our engagement, and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10 percent per annum.

All outstanding invoices for services shall be paid prior to the delivery of any written report, any depositions of BKD personnel in connection with this engagement and trial testimony by BKD personnel. We reserve the right to withdraw from the engagement if our fees are not paid.

Our hourly rates are subject to at least annual adjustments. Because we do not know how long our services may be required, you will be responsible for fees at the hourly rates in effect at the time work is performed.

If testimony or deposition is required because of any subpoena, you shall be responsible for any additional time, fees and charges regardless of the issuing party.

In the event of a question or dispute about any invoice you receive, you agree to contact your BKD professional within 10 days of your receipt of the invoice. We will work with you to answer questions and address disputed issues as quickly as possible. For this engagement, the person to contact with respect to any such billing questions and issues is Mr. Todd Burchett.

Ms. Julia Gannaway
Lynn, Ross & Gannaway, LLP
November 3, 2017
Page 3

OTHER ENGAGEMENT MATTERS AND LIMITATIONS

During the course of our engagement, it may be necessary for us to prepare written reports that support our conclusions. These reports are not to be published or used in any other manner other than noted above without the written consent of BKD.

As of the date of this letter, we are not aware of any conflicts of interest with any party. If we determine that a potential conflict of interest has arisen, we will immediately advise you so that a determination may be made by both of us as to whether we should continue to be engaged. If services are terminated as a result of a conflict of interest, or for any other reason, you agree to pay us for time expended to date. In addition, you will be billed travel costs, if any, as well as an administrative fee of 4 percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items.

We will use and rely on information furnished by you and on information available from generally recognized public sources.

Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, we may be requested by regulatory or enforcement bodies to make certain workpapers available to them pursuant to authority granted by law or regulation. You agree that we have no legal responsibility to you in the event we provide such documents or information pursuant to legal process.

To the extent allowed by Texas law, you agree to indemnify and hold harmless BKD and its personnel from any claims, liabilities, costs and expenses relating to our services under this agreement, except to the extent determined to have resulted from the intentional or deliberate misconduct of BKD personnel.

Any liability of BKD and its personnel to you is limited to the amount of the fee you paid for this engagement as liquidated damages.

You agree that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if each of us agrees to be bound. We will share any costs of mediation proceedings equally.

Ms. Julia Gannaway
Lynn, Ross & Gannaway, LLP
November 3, 2017
Page 4

Either of us may terminate these services at any time. Both of us must agree, in writing, to any future modifications or extensions. If services are terminated, you agree to pay us for time expended to date. In addition, you will be billed travel costs, if any, as well as an administrative fee of 4 percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items.

If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on heirs, successors and assigns of you and BKD.

We may from time to time utilize third-party service providers, *e.g.*, domestic software processors or legal counsel, or disclose confidential information about you to third-party service providers in serving your account. We remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information. In the event we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider.

We will, at our discretion or upon your request, deliver financial or other confidential information to you electronically via email or other mechanism. You recognize and accept the risk involved, particularly in email delivery, as the Internet is not necessarily a secure medium of communication as messages can be intercepted and read by those determined to do so.

You agree you will not modify these documents for internal use or for distribution to third parties. You also understand that we may on occasion send you documents marked as draft and understand that those are for your review purpose only, should not be distributed in any way and should be destroyed as soon as possible.

Any time you intend to reference our firm name in any manner in any published materials, including on an electronic site, you agree to provide us with draft materials for our review and approval before publishing or posting such information unless publishing or posting such information is required by the rules of civil procedure or court order.

Ms. Julia Gannaway
Lynn, Ross & Gannaway, LLP
November 3, 2017
Page 5

BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners of BKD, LLP have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, unlike the partners in a general partnership, the partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, including by way of indemnification, contribution, assessment or otherwise, for any debts, obligations or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract or otherwise.

We are an independent accounting firm allowed to use the name "Praxity" in relation to our practice. We are not connected by ownership with any other firm using the name "Praxity," and we will be solely responsible for all work carried out by us on your behalf. In deciding to engage us, you acknowledge that we have not represented to you that any other firm using the name "Praxity" will in any way be responsible for the work that we do.

We will be pleased to discuss this letter with you and look forward to the opportunity of serving you. If the above arrangements are acceptable to you, please sign the enclosed copy of this letter and return it to us. If the signed copy you return to us is in electronic form, you agree that such copy shall be legally treated as a "duplicate original" of this agreement.

BKD, LLP

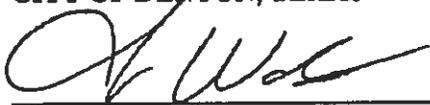
BKD, LLP

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

LYNN, ROSS & GANNAWAY, LLP

CITY OF DENTON, TEXAS

BY /s/Julia Gannaway
Julia Gannaway, Attorney


Chris Watts, Mayor

DATE November 8, 2017



November 3, 2017

Ms. Julia Gannaway
Lynn, Ross & Gannaway, LLP
306 West Broadway Avenue
Fort Worth, TX 76104

The purpose of this document is to provide a detailed scope for our work with your client, City of Denton, Texas. This scoping document is meant to supplement our previous discussions. These processes are based on information gathered to date.

The work performed as outlined below shall be limited to the scope period of October 1, 2012 through September 30, 2017 ("Scope Period"), unless otherwise noted. All documentation should be provided in electronic form, where applicable.

1. Conduct interviews of the City of Denton (COD) and Denton Parks Foundation (DPF) and their representatives, as necessary, to develop an understanding of the relationship and interactions between COD and DPF.
2. Obtain an electronic copy of COD's employee master file, vendor master file and other necessary reports to adequately assess and document the interaction between COD and DPF.
3. Obtain an electronic version of the QuickBooks accounting software for DPF (and associated username and passwords, if applicable), including employee master file and vendor master file and perform procedures such as:
 - a. Assessment of the audit log, if enabled;
 - b. Obtain general ledger detail reports and identify entries that appear unusual based on amount, nature, timing or manner of recording. We will request supporting documentation for entries that appear unusual;
 - c. Analyze for conflicts of interest and related party transactions between the DPF and COD; and
 - d. Prepare a listing of all identified payments directly to a COD employee from DPF.
4. Obtain and read a copy of the policies and procedures of the COD that were active during the Scope Period. Obtain and read a copy of the contract between the COD and DPF existing during the Scope Period.

Ms. Julia Gannaway
Lynn, Ross & Gannaway, LLP
November 3, 2017
Page 2

5. Obtain copies of COD City Council minutes for all matters related to the interaction between the COD and DPF, including but not limited to cash payments to DPF from the COD, approval of the use of COD assets on DPF projects, etc.
6. Where necessary, follow-up on any leads that were discovered by the Fraud, Waste & Abuse Committee during its investigation into the relationship between the COD and DPF.
7. Obtain and analyze COD and DPF bank statements and check images, and monthly account reconciliations during the scope period.
8. Obtain and analyze COD and DPF check register for all bank accounts during the scope period.
9. Analyze books and records for the following:
 - a. For indications of amounts received by DPF from advertising revenue on COD property and quantify the amounts received;
 - b. Annual cash receipts from pledges and trace uses of those funds received related to annual donation pledges made to DPF;
 - c. All other sources of revenues.

The results of the listed procedures may uncover information that would necessitate further investigation. Additional procedures may be suggested, if appropriate. At the conclusion of all of our procedures, we will prepare a written report.

Based upon the information you have provided, we have initially estimated our fees for these procedures will be \$30,000. This is an estimate only and not a cap or guaranteed maximum. In addition, you will be billed travel costs, if any, as well as an administrative fee of 4 percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs such as computer processing, software licensing, research and library databases and similar expense items. This fee estimate assumes that all information will be provided to us completely and expeditiously and that no unusual or unanticipated circumstances arise in our engagement. If unusual or unanticipated circumstances require us to expand the scope of our engagement, we will discuss this with you before beginning the additional work. For purposes of this agreement, it is assumed that expanding the scope of our engagement, including upon your request, will increase our anticipated fees. Throughout this engagement, we will monitor the time spent and notify you if and when it becomes apparent to us that our total fees may exceed our estimated fee.

Ms. Julia Gannaway
Lynn, Ross & Gannaway, LLP
November 3, 2017
Page 3

Following acceptance of this document by you, we will begin planning and executing on the procedures as soon as possible.

BKD, LLP

BKD, LLP

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

LYNN, ROSS & GANNAWAY, LLP

BY *Julia Gannaway*
Julia Gannaway, Attorney

DATE 11/10/2017

February 9, 2018

Ms. Julia Gannaway
Lynn, Ross & Gannaway, LLP
306 West Broadway Avenue
Fort Worth, TX 76104

The purpose of this document is to amend our previous letter dated November 3, 2017, to provide a detailed scope for our work with your client, City of Denton, Texas. This scoping document is meant to supplement our previous discussions. These processes are based on information gathered to date. The work performed as outlined below shall be limited to the scope period of October 1, 2012, through September 30, 2017, (Scope Period) unless otherwise noted. All documentation should be provided in electronic form, where applicable.

1. Conduct interviews of the City of Denton (COD) and Denton Parks Foundation (DPF) and their representatives, as necessary, to develop an understanding of the relationship and interactions between COD and DPF. These interviews took place in 2017 on December 14, 15 and 21, requiring additional preparation and travel.
2. Obtain an electronic copy of COD's employee master file, vendor master file and other necessary reports to adequately assess and document the interaction between COD and DPF.
3. Obtain an electronic version of the QuickBooks accounting software for DPF (and associated username and passwords, if applicable), including employee master file and vendor master file and perform procedures such as:
 - a. Assessment of the audit log, if enabled
 - b. Obtain general ledger detail reports and identify entries that appear unusual based on amount, nature, timing or manner of recording. We will request supporting documentation for entries that appear unusual
 - c. Analyze for conflicts of interest and related party transactions between the DPF and COD
 - d. Prepare a listing of all identified payments directly to a COD employee from DPF.
4. Obtain and read a copy of the policies and procedures of the COD that were active during the Scope Period. Obtain and read a copy of the contract between the COD and DPF existing during the Scope Period.



5. Obtain copies of the COD City Council minutes for all matters related to the interaction between the COD and DPF, including but not limited to cash payments to DPF from the COD, approval of the use of COD assets on DPF projects, etc.
6. Assess the findings of the Fraud, Waste & Abuse Committee from its investigation into the relationship between the COD and DPF and consider whether additional follow up should be performed.
7. Obtain and analyze COD and DPF bank statements, check images and monthly account reconciliations during the scope period.
8. Obtain and analyze COD and DPF check register for all bank accounts during the scope period.
9. Analyze books and records for the following:
 - a. Indications of amounts received by DPF from advertising revenue on COD property and quantify the amounts received
 - b. Annual cash receipts from pledges and trace uses of those funds received related to annual donation pledges made to DPF
 - c. All other sources of revenues
10. Prepare a written report for City Council to read.
11. Prepare and present to City Council on January 16, 2018, February 6, 2018, and on February 13, 2018, in closed sessions in cooperation with and pursuant to privileged attorney-client discussions to present preliminary findings, answer questions and determine if further work is warranted or requested. Make edits to report draft, as deemed necessary by BKD.
12. Present an additional open session to be determined at a later date.

The results of the listed procedures may uncover information that would necessitate further investigation. Additional procedures may be suggested, if appropriate. At the conclusion of all of our procedures, we will prepare a written report.

Based upon the information you have provided, we have estimated our fees for these procedures will be an additional \$66,000. This amount is in addition to the \$30,000 estimate provided in the November 3, 2017, letter. This is an estimate only and not a cap or guaranteed maximum. The above fees estimates include our estimate of travel costs, if any, as well as an administrative fee of 4 percent to cover items such as copies; postage and other delivery charges; supplies;

technology-related costs such as computer processing, software licensing, research and library databases; and similar expense items. This fee estimate assumes that all information will be provided to us completely and expeditiously and that no unusual or unanticipated circumstances arise in our engagement. If unusual or unanticipated circumstances require us to expand the scope of our engagement, we will discuss this with you before beginning the additional work.

For purposes of this agreement, it is understood that expanding the scope of our engagement, including upon your request, has increased our anticipated fees. Throughout this engagement, we will monitor the time spent and notify you if and when it becomes apparent to us that our total fees may exceed our estimated fee. Following acceptance of this document by you, we will begin planning and executing on the procedures as soon as possible.

BKD, LLP

BKD, LLP

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

LYNN, ROSS & GANNAWAY, LLP

By: *Julia Gannaway*
Julia Gannaway, Attorney *with permission*

Date: *2/9/2018*

APPENDIX 2

ORDINANCE NO. 2017-037

AN ORDINANCE OF THE CITY OF DENTON AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE A CONTRACT WITH THE DENTON PARKS FOUNDATION FOR ADMINISTRATIVE AND FUND RAISING SUPPORT OF DENTON PARKS AND RECREATION PROJECTS AND PROGRAMS WHICH IS AVAILABLE FROM ONLY ONE SOURCE AND IN ACCORDANCE WITH CHAPTER 252.022 OF THE TEXAS LOCAL GOVERNMENT CODE, SUCH PURCHASES ARE EXEMPT FROM REQUIREMENTS OF COMPETITIVE BIDDING; AND PROVIDING AN EFFECTIVE DATE (FILE 6348-AWARDED TO DENTON PARKS FOUNDATION IN THE AMOUNT OF \$77,000).

WHEREAS, Section 252.022 of the Local Government Code provides that procurement of items that are only available from one source, including; items that are only available from one source because of patents, copyrights, secret processes or natural monopolies; films, manuscripts or books; electricity, gas, water and other utility purchases; captive replacement parts or components for equipment; and library materials for a public library that are available only from the persons holding exclusive distribution rights to the materials; and need not be submitted to competitive bids; and

WHEREAS, the City Council wishes to procure one or more of the items mentioned in the above paragraph; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The following purchase of materials, equipment or supplies, as described in the "File" listed hereon, and on file in the office of the Purchasing Agent, and the license terms attached are hereby approved:

<u>FILE NUMBER</u>	<u>VENDOR</u>	<u>AMOUNT</u>
6348	Denton Parks Foundation	\$77,000

SECTION 2. The City Council hereby finds that this bid, and the award thereof, constitutes a procurement of items that are available from only one source, including, items that are only available from one source because of patents, copyrights, secret processes or natural monopolies; films, manuscripts or books; electricity, gas, water and other utility purchases; captive replacement parts or components for equipment; and library materials for a public library that are available only from the persons holding exclusive distribution rights to the materials; and need not be submitted to competitive bids.

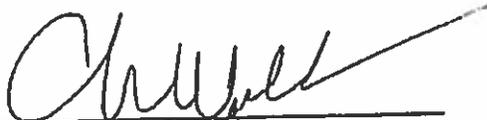
SECTION 3. The acceptance and approval of the above items shall not constitute a contract between the City and the person submitting the quotation for such items until such person shall comply with all requirements specified by the Purchasing Department.

SECTION 4. The City Manager is hereby authorized to execute any contracts relating to the items specified in Section 1 and the expenditure of funds pursuant to said contracts is hereby authorized.

SECTION 5. The City Council of the City of Denton, Texas hereby expressly delegates the authority to take any actions that may be required or permitted to be performed by the City of Denton under File 6348 to the City Manager of the City of Denton, Texas, or his designee.

SECTION 6. This ordinance shall become effective immediately upon its passage and approval.

PASSED AND APPROVED this the 7 day of February, 2017.


CHRIS WATTS, MAYOR

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: Jane Richardson, Asst.

APPROVED AS TO LEGAL FORM:
ANITA BURGESS, CITY ATTORNEY

BY: [Signature]

**SERVICE AGREEMENT
BETWEEN THE CITY OF DENTON, TEXAS AND
DENTON PARKS FOUNDATION**

This Agreement is hereby entered into by and between the City of Denton, Texas, a home rule municipal corporation, hereinafter referred to as "City", and Denton Parks Foundation, a not for profit corporation, hereinafter referred to as "Foundation".

WHEREAS, City has determined that the contribution to the Park Foundation can provide needed services to citizens of City and has provided funds in its budget for the purpose of funding the Executive Director's salary, administrative support, and office supplies.

WHEREAS, this Agreement serves a valid municipal and public purpose and is in the public interest;

NOW, THEREFORE, the parties hereto mutually agree as follows:

I. SCOPE OF SERVICES

Foundation shall, in a satisfactory and proper manner, perform the following tasks, for which the monies provided by City may be used: the funds being provided will be used for the salary of the Executive Director, Administrative Support, and office supplies.

II. OBLIGATIONS OF FOUNDATION

In consideration of the receipt of funds from City, Foundation agrees to the following terms and conditions:

A. Seventy Seven Thousand Dollars and No Cents \$77,000.00 shall be paid to Foundation by City to be utilized for the purposes set forth in Article I.

B. Foundation will maintain adequate records to establish that the City funds are used for the purposes authorized by this Agreement.

C. Foundation will permit authorized officials of City to review its books at any time.

D. Upon request, Foundation will provide to City its By Laws and any of its rules and regulations that may be relevant to this Agreement.

E. Foundation will not enter into any contracts that would encumber City funds for a period that would extend beyond the term of this Agreement.

F. Foundation will appoint a representative who will be available to meet with City officials when requested.

III. TIME OF PERFORMANCE

The services funded by City shall be undertaken and completed by Foundation within the following time frame:

The term of this Agreement shall commence on the effective date and terminate September 30, 2017, unless the contract is sooner terminated under Section VII "Suspension or Termination".

IV. PAYMENTS

A. **PAYMENTS TO FOUNDATION.** City shall pay to Foundation the sum specified in Article II after the effective date of this Agreement.

B. **EXCESS PAYMENT.** Foundation shall refund to City within ten (10) working days of City's request, any sum of money which has been paid by City and which City at any time thereafter determines:

- 1) has resulted in overpayment to Foundation; or
- 2) has not been spent strictly in accordance with the terms of this Agreement; or
- 3) is not supported by adequate documentation to fully justify the expenditure.

V. EVALUATION

Foundation agrees to participate in an implementation and maintenance system whereby the services can be continuously monitored. Foundation agrees to make available its bank statements for review by City at City's discretion. In addition, Foundation agrees to provide City the following data and reports, or copies thereof:

A. An explanation of Return on Investment

B. To comply with this section, Foundation agrees to maintain records that will provide accurate, current, separate, and complete disclosure of the status of funds received and the services performed under this Agreement. Foundation's record system shall contain sufficient documentation to provide in detail full support and justification for each expenditure. Foundation agrees to retain all books, records, documents, reports, and written accounting procedures pertaining to the services provided and expenditure of funds under this Agreement for five years.

C. Nothing in the above subsections shall be construed to relieve Foundation of responsibility for retaining accurate and current records that clearly reflect the level and benefit of services provided under this Agreement.

VI. MEETINGS

Minutes of all meetings of Foundation's governing body shall be available to City within ten (10) working days of approval.

VII. TERMINATION

The City may terminate this Agreement for cause if Foundation violates any covenants, agreements, or guarantees of this Agreement, the Foundation's insolvency or filing of bankruptcy, dissolution, or receivership, or the Foundation's violation of any law or regulation to which it is bound under the terms of this Agreement. The City may terminate this Agreement for other reasons not specifically enumerated in this paragraph.

VIII. EQUAL OPPORTUNITY AND COMPLIANCE WITH LAWS

A. Foundation shall comply with all applicable equal employment opportunity and affirmative action laws or regulations.

B. Foundation will furnish all information and reports requested by City, and will permit access to its books, records, and accounts for purposes of investigation to ascertain compliance with local, State and Federal rules and regulations.

C. In the event of Foundation's noncompliance with the nondiscrimination requirements, the Agreement may be canceled, terminated, or suspended in whole or in part, and Foundation may be barred from further contracts with City.

IX. WARRANTIES

Foundation represents and warrants that:

A. All information, reports and data heretofore or hereafter requested by City and furnished to City, are complete and accurate as of the date shown on the information, data, or report, and, since that date, have not undergone any significant change without written notice to City.

B. Any supporting bank statements heretofore requested by City and furnished to City, are complete, accurate and fairly reflect the financial conditions of Foundation on the date shown on said report, and the results of the operation for the period covered by the report, and that since said data, there has been no material change, adverse or otherwise, in the financial condition of Foundation.

C. No litigation or legal proceedings are presently pending or threatened against Foundation.

D. None of the provisions herein contravenes or is in conflict with the authority under which Foundation is doing business or with the provisions of any existing indenture or agreement of Foundation.

E. Foundation has the power to enter into this Agreement and accept payments hereunder, and has taken all necessary action to authorize such acceptance under the terms and conditions of this Agreement.

F. None of the assets of Foundation are subject to any lien or encumbrance of any character, except for current taxes not delinquent, except as shown in the bank statements furnished by Foundation to City.

G. Each of these representations and warranties shall be continuing and shall be deemed to have been repeated by the submission of each request for payment.

X. CHANGES AND AMENDMENTS

A. Any alterations, additions, or deletions to the terms of this Agreement shall be by written amendment executed by both parties, except when the terms of this Agreement expressly provide that another method shall be used.

B. It is understood and agreed by the parties hereto that changes in the State, Federal or local laws or regulations pursuant hereto may occur during the term of this Agreement. Any such modifications are to be automatically incorporated into this Agreement without written amendment hereto, and shall become a part of the Agreement on the effective date specified by the law or regulation.

C. Foundation shall notify City of any changes in personnel or governing board composition.

XI. INDEMNIFICATION

To the extent authorized by law, the Foundation agrees to indemnify, hold harmless, and defend the City, its officers, agents, and employees from and against any and all claims or suits for injuries, damage, loss, or liability of whatever kind or character, arising out of or in connection with the performance by the Foundation or those services contemplated by this Agreement, including all such claims or causes of action based upon common, constitutional or statutory law, or based, in whole or in part, upon allegations of negligent or intentional acts of Foundation, its officers, employees, agents, subcontractors, licensees and invitees.

XII. CONFLICT OF INTEREST

A. Foundation covenants that neither it nor any member of its governing body presently has any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. Foundation further

covenants that in the performance of this Agreement, no person having such interest shall be employed or appointed as a member of its governing body.

B. Foundation further covenants that no member of its governing body or its subcontractors or employees shall possess any interest in or use his/her position for a purpose that is or gives the appearance of being motivated by desire for private gain for himself/herself, or others; particularly those with which he/she has family, business, or other ties.

C. No officer, member, or employee of City and no member of its governing body who exercises any function or responsibilities in the review or approval of the undertaking or carrying out of this Agreement shall participate in any decision relating to the Agreement which affects his personal interest or the interest in any corporation, partnership, or Foundation in which he has direct or indirect interest.

XIII. NOTICE

Any notice or other written instrument required or permitted to be delivered under the terms of this Agreement shall be deemed to have been delivered, whether actually received or not, when deposited in the United States mail, postage prepaid, registered or certified, return receipt requested, or via hand-delivery or facsimile, addressed to Foundation or City, as the case may be, at the following addresses:

CITY	FOUNDATION
City of Denton, Texas Attn: City Manager 215 E. McKinney Denton, TX 76201	Molly Tampke, Executive Director Denton Parks Foundation 601 E. Hickory, Suite B Denton, TX 76205

Either party may change its mailing address by sending notice of change of address to the other at the above address by certified mail, return receipt requested.

XIV. MISCELLANEOUS

A. Foundation shall not transfer, pledge or otherwise assign this Agreement or any interest therein, or any claim arising thereunder to any party or parties, bank, trust company or other financial institution without the prior written approval of City.

B. If any provision of this Agreement is held to be invalid, illegal, or unenforceable, the remaining provisions shall remain in full force and effect and continue to conform to the original intent of both parties hereto.

C. In no event shall any payment to Foundation hereunder, or any other act or failure of City to insist in any one or more instances upon the terms and conditions of this Agreement consti-

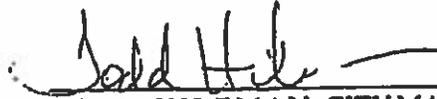
or be construed in any way to be a waiver by City of any breach of covenant or default which may then or subsequently be committed by Foundation. Neither shall such payment, act, or omission in any manner impair or prejudice any right, power, privilege, or remedy available to City to enforce its rights hereunder, which rights, powers, privileges, or remedies are always specifically preserved. No representative or agent of City may waive the effect of this provision.

D. This Agreement, together with referenced exhibits and attachments, constitutes the entire agreement between the parties hereto, and any prior agreement, assertion, statement, understanding, or other commitment occurring during the term of this Agreement or subsequent thereto, have any legal force or effect whatsoever, unless properly executed in writing, and if appropriate, recorded as an amendment of this Agreement.

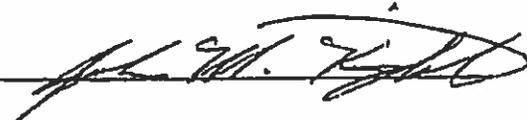
E. This Agreement shall be interpreted in accordance with the laws of the State of Texas and venue of any litigation concerning this Agreement shall be in a court of competent jurisdiction sitting in Denton County, Texas.

IN WITNESS WHEREOF, the parties do hereby affix their signatures and enter into this Agreement as of the 7 day of February, 2017

CITY OF DENTON

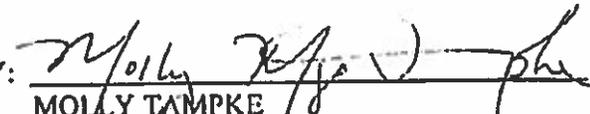

TODD HILEMAN CITYMANAGER

ATTEST Jane Richardson, Asst.
JENNIFER WALTERS, CITY SECRETARY

BY: 

APPROVED AS TO LEGAL FORM:
ANITA BURGESS, CITY ATTORNEY

DENTON PARKS FOUNDATION

BY: 
MOLLY TAMPKE
EXECUTIVE DIRECTOR

APPENDIX 3



City of Denton

City Hall
215 E. McKinney St.
Denton, Texas 76201
www.cityofdenton.com

Meeting Agenda City Council

Tuesday, February 3, 2015

1:00 PM

Work Session Room & Council Chambers

After determining that a quorum is present, the City Council of the City of Denton, Texas will convene in a Work Session on Tuesday, February 3, 2015 at 1:00 p.m. in the Council Work Session Room at City Hall, 215 E. McKinney Street, Denton, Texas at which the following items will be considered:

1. Citizen Comments on Consent Agenda Items

This section of the agenda allows citizens to speak on Consent Agenda Items only. Each speaker will be given a total of three (3) minutes to address any items he/she wishes that are listed on the Consent Agenda. A Request to Speak Card should be completed and returned to the City Secretary before Council considers this item.

2. Requests for clarification of agenda items listed on the agenda for February 3, 2015.

3. Work Session Reports

A. ID 15-018 Receive an update from the Denton Parks Foundation regarding the status of several projects including the Eureka Playground replacement and the City's first spray ground.

B. ID 15-109 Receive a report, hold a discussion, and give staff direction regarding the Cole Ranch development.

Attachments: Exhibit 1 - Cole Ranch Presentation

C. CA11-0004c Receive a report, hold a discussion, and give staff direction regarding the update to the City of Denton's Comprehensive Plan.

Attachments: Exhibit 1 Staff, Planning and Zoning Commission, and City Council Conditions

D. ID 15-082 Receive a report, hold a discussion, and give staff direction regarding a City sponsorship in an amount not to exceed \$142,000 of in-kind services and resources for the Denton Arts and Jazz Festival to be held in Quakertown Park on April 24 - 26, 2015.

Attachments: Exhibit 1 2014 vs 2013 In-kind Costs
Exhibit 2 Running Total of Requested Support
Exhibit 3 Letter of Request

Following the completion of the Work Session, the City Council will convene in a Closed Meeting to consider specific items when these items are listed below under the Closed Meeting section of this agenda. The City Council reserves the right to adjourn into a Closed Meeting on any item on its Open Meeting agenda consistent with Chapter 551 of the Texas Government Code, as amended, or as otherwise allowed by law.

1. Closed Meeting:



DENTON

City of Denton

City Hall
215 E. McKinney St
Denton, Texas 76201
www.cityofdenton.com

Legislation Text

File #: ID 15-018, Version: 1

AGENDA INFORMATION SHEET

AGENDA DATE: February 3, 2015

DEPARTMENT: Parks and Recreation Department

ACM: John C. Cabrales, Jr.

SUBJECT

Receive an update from the Denton Parks Foundation regarding the status of several projects including the Eureka Playground replacement and the City's first spray ground.

BACKGROUND

During the 2013-2014 Budget process, the City Council approved funding in the amount of \$35,000 annually for each of three consecutive years to fund a part-time Executive Director position with the Denton Park Foundation. As a condition of that funding, the Park Foundation took on the task of organizing and funding the replacement of Eureka playground. Molly Tampke was hired to fill the Executive Director position in January of 2014 and she has diligently worked towards shared goals since

The President of the Park Foundation, Tim Crouch, and Molly Tampke will present a brief update of projects the Foundation is currently working on and share news of their fundraising efforts to date.

RECOMMENDATION

None made at this time.

EXHIBIT

resentation

Respectfully submitted:

Emerson M. Vorel, Jr.

Emerson Vorel, Director

CITY OF DENTON CITY COUNCIL MINUTES
February 3, 2015

After determining that a quorum was present, the City Council convened in a Work Session on Tuesday, February 3, 2015 at 1:00 p.m. in the Council Work Session Room at City Hall.

PRESENT: Mayor Pro Tem Engelbrecht, Council Member Gregory, Council Member Hawkins, Council Member Johnson, Council Member Roden, Council Member Ryan, and Mayor Watts.

ABSENT: None.

1. Citizen Comments on Consent Agenda Items

There were no citizen comments submitted for Consent Agenda Items.

2. Requests for clarification of agenda items listed on the agenda for February 3, 2015.

Council Member Ryan asked about Consent Agenda Item B dealing with electronic signatures and questioned what it involved.

Chuck Springer, Director of Finance, stated that initially it would be used for bids in Purchasing for contracts and for city contracts. It could be expanded into other areas in the future such as Customer Service.

Council Member Gregory asked about the background of the agencies listed in Consent Agenda Item C.

Danielle Shaw, Human Services Coordinator, stated that the grant was awarded through the State. The agencies submitted an application and the agencies were formulated from the applications. There were four different areas of concentration - street outreach, emergency shelters, homeless prevention, and rapid rehousing.

Mayor Watts asked for a clarification on the purpose and benefits for Consent Agenda 1 dealing with an amendment with Jagoe Public.

Elton Brock, Purchasing Manager, stated that contract was 5 years in length and the change order provided more breathing room to complete projects for city.

3. Work Session Reports

A. ID 15-018 Receive an update from the Denton Parks Foundation regarding the status of several projects including the Eureka Playground replacement and the City's first spray ground.

Emerson Vorel, Director of Parks and Recreation, introduced Tim Crouch and Molly Tampke, members of the Parks Foundation, who would be presenting the item.

Tim Crouch stated that the Foundation was formed in 1987 and was a pass through for funding but did not really have a sense of mission. It started raising money for scholarships for children

who might not be able to participate in park programs and then went to the next level by hiring an executive director to assist citizens with quality of life.

Molly Tampke stated that one of the major goals for the Foundation was to lead the fund raising efforts on the remake of Eureka Playground. The executive director position was to raise money for the removal and rebuilding of Eureka Playground. February 12 would be Design Day in the elementary schools to see what their dream playground would be. Ideas would be given to the playground consultant who would incorporate as many ideas as possible. The proposed design would be unveiled at a community meeting. The goal was to raise was \$1.5 million based on the consultant's calculation of the size of the playground. The Foundation also purchased three cabanas at Water Works Park which could be rented. Total scholarship money provided by the Foundation last year was \$228,000. The Foundation also served as a repository for the funds for the future Spray Park. The Parks Foundation was making a difference helping with the CIP programs for the City.

B. ID 15-109 Receive a report, hold a discussion, and give staff direction regarding the Cole Ranch development.

Bryan Langley, Assistant City Manager, introduced Ocie Vest who would be making the Cole Ranch presentation.

Ocie Vest, Cole Ranch, stated that they had been working for years on the Cole Ranch property. The Ranch consisted of 3200 acres which they had worked hard to make sure it was a high quality development. They felt the time was right to bring this project forward. He reviewed the master plan which consisted of residential, commercial, industrial properties and open space. It was a little bit different from the zoning plan but showed in more detail the layout of the concept.

Master amenities included 14 miles of trails that would connect schools, open space, lakes and shopping. It would contain 3 large lakes and over 600 acres of open space.

Council Member Gregory asked about gas well sites on the property.

Vest stated that there were 14 well sites all of which had been drilled. They eventually would be closed and become green space.

Council Member Roden asked if there was any interest in reopening the well sites.

Vest stated that the pad sites would not be in residential areas and would have open access rather than going through the residential areas.

Mayor Watts asked if there had been discussions how close to have the residential properties to the gas wells.

Vest stated that as all of the gas pads already existed; it was known where they were. There would not be any new pads coming close to the residential sites.

Mayor Watts asked if there had been discussions for the distance new houses would be to the pad sites.

Vest stated that they had established 300 feet. Builders had a difference of opinion if that distance was adequate.

Mayor Pro Tem Engelbrecht felt that the reworking of wells and a 300 foot distance was not adequate.

Council Member Johnson stated that the proposed ordinance was a 300 foot setback and depending on who a person was talking with there was a wide range of opinion on whether that was adequate or not for the setback distance.

Vest stated that the concept of the development was to encourage the development of the arts. Single family homes would have joint frontages with the residential property developing into three 1000 acres setting. He reviewed the criteria for design guidelines. Prior to or with each application for a modification to the Development Plan Map related to the design and permitting of each new residential neighborhood, a set of Design Guidelines specific to that new neighborhood would include a specific set of specifications.

The public benefits to the City included regional transportation improvements, regional water improvements, regional wastewater improvements, regional drainage improvements, park land and regional trail system, and school sites. A hurdle to development was the large amount of infrastructure needed to support the development in the southwest quadrant of Denton. The southwest quadrant of the city had Robson Ranch, Hunter Ranch and Cole Ranch developing there. Infrastructure costs were estimated at \$147 million and exceeded any one property owner's ability to fund. Financing mechanisms were needed to help provide the necessary public infrastructure. The solution was a public/private partnership in the form of a PID/TIRZ to help finance major infrastructures.

In terms of a PID, (1) only landowners in the area defined by the PID paid a PID assessment, (2) it promoted economic growth by creating a means for constructing and improving infrastructure in a defined area, (3) it allowed the City or County to levy and collect special assessments on properties within the defined area, (4) there was no funding or ongoing administrative costs required from the City/County while providing ultimate control to the City/County, and (5) bonds could be issued to fund or to reimburse infrastructure construction costs after certain financial goals were met per the PID agreement.

Bridging the Gap - a PID alone did not provide enough revenue to fund infrastructure costs. Supplemental funding could be accessed through Tax Increment Financing (TIF). A TIF allowed for the incremental property tax created by the project to be used for the reimbursement of infrastructure costs. He presented the projected public improvements funding by source. The TIRZ reimbursement would only be used for the gap between the actual eligible costs less the PID reimbursement.

Council Member Roden questioned what was being asked for in terms of financial help.

Vest stated this as the major infrastructure and not the residential sites.

Mayor Watts stated that he was not opposed to the concept but the numbers would be important and that from his perspective this would be very numbers driven.

Vest stated that oversizing of the lines was built into the \$147 million as they were proposing the ultimate lines in the area and were built into the numbers.

Council discussed the roadway components, who would be maintaining the trails and lakes, and infrastructure improvements.

Vest reviewed the phasing plan for the development with the first phase in the southern portion of the property. The infrastructure and costs for the southern phase were reviewed. He noted that the TIFZ reimbursement was only used to fill the gap between the actual eligible costs less the PID reimbursement.

Council Member Roden asked if there had been discussions on the major infrastructure costs.

Vest replied not down to subdivision level, but many of the costs included those types of projects. He noted that the roadways served Cole Ranch but were also connected to neighboring properties. They were oversized to connect surrounding communities.

Mayor Watts stated that he was not convinced that all of the proposed costs should be covered by the City in terms of the road oversizing. Some of those roads might not provide regional connectivity but rather be collector or arterial roads.

Vest stated that an oversize analysis would show those amounts.

Council Member Johnson stated that the PID was between the developer and homeowner. However, \$48 million was being asked for in the TIRZ. The PID dollars did not cost the city anything.

Rick Rosenberg, DPGF, stated that the costs for the PID would be paid by the PID with no costs to the city.

Mayor Watts stated that the PID only paid for public improvements.

Rosenberg replied correct for major infrastructure improvements.

Council Member Johnson stated that the money that was going to be spent for the TIRZ reimbursement that was outside the boundaries of the project and that was over and above what the City would have to do for the project. It was hard to differentiate the different figures presented.

Council Member Hawkins questioned if the oversizing up front was beneficial to the City.

Vest stated that the normal process was that the City built the water line needed. The Master Plan would then be looked at and the City tell the developer that the line needed to be oversized with the City doing that oversizing. In this case, the cost for the oversizing would be put in the PID and done upfront. The Cole Ranch South potential housing assessed values, Cole Ranch South

TIRZ tax contribution, and Cole Ranch South PID assessment allocation was reviewed. The same analysis for the Artist Colony was also reviewed.

Next steps - in February Stratford would submit the Term Sheets to Council and staff for review and approval in terms of the development agreement, PID and TIRZ. In March Stratford would incorporate City comments into the Term Sheets and submit final documents for review and approval for the development agreement, PID and TIRZ.

Mayor Pro Tem Engelbrecht questioned the public improvements in terms of Loop 288 and the frontage roads. He questioned if TxDOT would have to purchase all or part of the property for Loop 288 access road.

Vest stated that they only had preliminary discussions regarding that roadway. Just the main lane section could be sold to TxDOT and the frontage roads would be city streets or TxDOT take it all.

Mayor Pro Tem Engelbrecht stated that the issue was to put those funds in the PID or TIRZ and was concerned about how that went forward. He didn't want the residents paying for it if TxDOT was going to pay for it. He asked if floodplain reclamation would be part of the development in any way or was that above and beyond.

Vest stated that they were going above and beyond by accommodating the entire watershed.

Council Member Johnson stated that he would like more expensive homes in Denton and questioned the strategy for demand of housing prices.

Vest stated that they would forecast residential and housing trends for housing in this area.

Council Member Roden stated that the problem with forecasting was that it could not go very far out. He asked if Cole Ranch South and the Artist phase were overlapped.

Vest stated that at some time all three areas would be under development.

Council Member Roden asked if there was any value taking chunks in a particular phase of years rather than forecasting so far out. Pacing it out instead of going so far out with an agreement for that.

Vest stated that the PID worked through phases with the ability to make adjustments as each individual phase was done.

Rosenberg stated that they were forming the PID at this time with no commitments at this time. Every time the developer had a bond issue it would be a separate decision by the Council. The development phase would determine what could be done. The PID statute needed maximum numbers up front.

Council Member Hawkins questioned the ramifications if the County did not participate.

Vest felt that they could make it work with or without the County.

Mayor Watts stated that he would like to get the oversizing analysis. The consensus of Council was to provide the term sheets in terms of cost to the city, TIRZ reduction in tax revenue, police, fire etc. to service that spot and the terms of cost of city services.

Mayor Pro Tem Engelbrecht stated that he would like a work session with staff for their insights into the project.

C. CA11-0004e Receive a report, hold a discussion, and give staff direction regarding the update to the City of Denton's Comprehensive Plan.

Ron Menguita, Development Review Committee Administrator, stated that the Work Session discussion would center on the conditions that were proposed to the Plan. The conditions were actions that would be incorporated into the plan. Conditions #1 through #37 were amendments that were being proposed by staff for clarification purposes. They were considered minor and did not conflict with any proposed goal or policy outlined in the draft Plan. Conditions #38 through #46 were based on discussion held during multiple Planning and Zoning Commission workshops and work sessions. These conditions were what the Planning and Zoning Commission would like changed to the draft Plan and what they would like to see accomplished as part of the implementation.

He reviewed Conditions #38-#45 with the related action items.

Discussion on Condition #46 – Council comments were that it would be good to have the Technical Advisory Committee (staff members) review the Plan with the annual report.

Discussion on Condition #47 - make more positive wording for that section instead of focusing on the perception that it was difficult to do business in Denton. A suggestion was made to take that condition out of the plan all together. Consensus of the Council was to strike Condition #47.

Discussion on Condition #58 - Bicycle Friendly community - provide more information on what that involved. Mayor Watts suggested an Informal Staff Report on a Bicycle Friendly Community.

Council Member Ryan suggested that with Condition #4 to be sure to keep (s) for all of the different Chambers. He noted that Condition #20 had not been vetted by Council and there needed to be a discussion on whether to have a rental inspection program.

Mayor Pro Tem Engelbrecht stated that he had mixed feelings about a rental inspection program but knew of some very poor living conditions in some rental homes. He was concerned on how to find a way to monitor those circumstances as he felt there were all kinds of rental units that were not up to code and proper standards.

Council Member Ryan stated that he would be in favor of a tenant education system.

Mayor Pro Tem Engelbrecht suggested a hot line on where to call when someone encountered substandard housing problems.

Council Member Roden stated that this issue had not been addressed since he was on Council. He felt that there continued to be problems and they continued to be unaddressed.

Council Member Gregory suggested that rather than a having that as a goal for the development to change the wording to "explore" the development of such a program.

Mayor Watts stated that he referred those kinds of complaints to Community Improvement Services.

John Cabrales, Assistant City Manager, stated that the problem was that many of those issues were on the inside of the building. Building Inspections needed to have permission from the tenant or property owner to go inside the building and that was not always granted. Community Improvement Services worked on the outside of properties.

Consensus of the Council was to change the wording to "explore".

Mayor Pro Tem Engelbrecht felt that a specific statement regarding parking in the downtown and residential neighborhoods around the universities was needed.

Menguita stated that the Downtown parking was addressed in the Master Plan and the DTIP to cover those areas. He would reference it to a section of the parking area.

Mayor Pro Tem Engelbrecht questioned private utilities on public utilities system. He felt nothing was moved from the old poles to new poles or underground and there needed to be a statement about private utility infrastructure in conjunction with public utility infrastructure.

Council Member Ryan asked about Condition #34 regarding dumpster screens and questioned if that was not already part of the Code.

Council Member Gregory stated that the Code was not clear enough regarding screening requirements for dumpster and for recycling. Because it was not clear enough, those types of screens were not getting installed.

Council Member Ryan asked about Condition #50 dealing with a green building ordinance which mandated green building. He suggested a change in wording to "strongly encourages" rather than mandates.

Council Member Roden questioned if it was related to a City mandate or to non-city projects.

Menguita stated that it would apply to both city projects and private development.

Mayor Pro Tem Engelbrecht stated that part of that was mandated through the International Building Code and questioned if Council wanted to do something above that.

Council Member Gregory stated that the City was continually upgrading the building codes for energy efficiency. He felt it was about green building standards above and beyond what the city would be doing.

Menguita stated that the purpose was to create the green building and then would mandate the requirements for that type of building.

After discussion, the consensus of Council was to use the wording "explore the possibility" instead of mandate.

D. ID 15-082 Receive a report, hold a discussion, and give staff direction regarding a City sponsorship in an amount not to exceed \$142,000 of in-kind services and resources for the Denton Arts and Jazz Festival to be held in Quakertown Park on April 24 - 26, 2015.

Emerson Vorel, Director of Parks and Recreation, stated that staff frequently brought requests for city sponsorship to Council for consideration. Last year the sponsorship to the Arts and Jazzfest went up to \$123,000 and when in-kind services were captured the cost was about \$140,000. He felt it was important to bring that figure to Council with the increased cost due to improved record keeping tracking the costs and the moving of the main stage which required more maintenance in cleaning after the event. Staff would be coming back to Council on February 17th for authorization up to \$142,000 of in-kind sponsorship.

Council Member Roden asked if financial statements from the entities were ever requested when there were expenditures of this size. He felt that when the City looked at giving that much public service there needed to be a sense of what was the real need.

Vorel stated that typically was not asked for from the larger events. However, it was in the agreement.

Council Member Roden stated that when HOT funds were used he felt there should be some sort of financials. He wanted to make sure there was capacity for new ideas to help those types of functions. He suggested a trigger point of dollar amount to get financial disclosure.

Council Member Hawkins felt that was a good idea and that the HOT Committee would want to know what the funding was being used for.

Vorel stated that the financial would be included in the sponsorship letter.

Mayor Pro Tem Engelbrecht felt that Downtown businesses should participate in a survey on whether there was an increase in their business during a festival.

Mayor Watts stated that he was not opposed to these types of questions as it represented good stewardship of City tax money. He stated that he would also like to see the financials such as income and expenses but not in too much detail for all events.

Council Member Gregory suggested only top 3-5 on the list.

Council Member Roden felt that this year was ok but as a matter of policy to have that added and as new requests come forward add to the request.

Consensus of the Council was to start requesting that information next year.

Following the completion of the Work Session, the City Council convened in a Closed Meeting to consider the specific items listed below under the Closed Meeting section of this agenda.

1. Closed Meeting:

- A. ID 15-072 Deliberations regarding Real Property - Under Texas Government Code Section 551.072; Consultation with Attorneys - Under Texas Government Code Section 551.071. Discuss, deliberate, receive information from staff and provide staff with direction pertaining to the acquisition of real property interests in the in the Alexander Hill Survey, Abstract No. 623, City of Denton, Denton County, Texas, generally located in the 1200 block of S. Locust St. Consultation with the City's attorneys regarding legal issues associated with the acquisition or condemnation of the real property interests referenced above where a public discussion of these legal matters would conflict with the duty of the City's attorneys to the City of Denton and Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas, or would jeopardize the City's legal position in any administrative proceedings or potential litigation. (DME) [File ID 15-071]

- B. ID 15-103 Deliberations regarding Real Property - Under Texas Government Code Section 551.072; Consultation with Attorneys - Under Texas Government Code Section 551.071. Discuss, deliberate, and receive information from staff and provide staff with direction pertaining to the potential conveyance of certain real property interests located in the Hiram Sisco Survey, Abstract No. 1184, City of Denton, Denton County, Texas, and generally located at 600 East Hickory Street. Consultation with the City's attorneys regarding legal issues associated with the potential conveyance of the real property described above where a public discussion of these legal matters would conflict with the duty of the City's attorneys to the City of Denton and the Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas, or would jeopardize the City's legal position in any administrative proceeding or potential litigation. (Denton Transit Center - DCTA Project) [ID 15-104]

- C. ID 15-092 Deliberations regarding Real Property - Under Texas Government Code Section 551.072; Consultation with Attorneys - Under Texas Government Code Section 551.071. Receive information from staff, discuss, deliberate, and provide staff with direction regarding the potential acquisition of real property interests generally located in Denton, Denton County, Texas, in (1) the 800 block of Bernard Street (Lonestar Townhome Addition, Denton, Denton County, Texas); (2) the 800 block of S. Welch Street (Double J Addition, Denton, Denton County, Texas); (3) the 900 block of S. Avenue B. (Bridges Addition, Denton, Denton County, Texas); and, (4) the 900 block of W. Collins St. (Hillside Addition, Denton, Denton County, Texas). Consultation with the City's attorneys regarding legal issues associated with the leasing of the real property interests described above where a public discussion of these legal matters would conflict with the duty of the City's attorneys to the City of Denton and the Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas, or would jeopardize the City's legal

position in any administrative proceeding or potential litigation. [UNT substation-No action item assoc.]

- D. ID 15-098 Consultation with Attorneys - Under Texas Government Code Section 551.071, Deliberations regarding Economic Development Negotiations - Under Texas Government Code Section 551.087. Receive a report and hold a discussion regarding legal and economic development issues regarding an incentive agreement with PACCAR, Inc. This discussion shall include commercial and financial information the City Council has received from PACCAR, Inc. which the City Council seeks to have locate, stay, or expand in or near the territory of the city, and with which the City Council is conducting economic development negotiations; including the offer of financial or other incentive where the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the provisions of the Texas Open Meetings Act, Chapter 551 of the Texas Government Code.
- E. ID 15-052 Certain Public Power Utilities: Competitive Matters - Under Texas Government Code Section 551.086; and Consultation with Attorneys - Under Texas Government Code Section 551.071. Receive a further briefing and presentation from Denton Municipal Electric ("DME") staff regarding certain public power competitive, financial and commercial information relating to issues regarding a proposed term sheet pertaining to a high voltage direct current (HVDC) interconnection that would provide DME the opportunity to acquire additional renewable energy and other electric power products for its energy portfolio. Consultation with the City's attorneys regarding legal issues associated with the proposed term sheet and the implementation of the HVDC interconnection where a public discussion of these legal matters would conflict with the duty of the City's attorneys to the City of Denton and the Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas, or would jeopardize the City's legal position in any administrative proceeding or potential litigation. Discuss, deliberate, provide staff with direction and consider a final recommendation regarding the term sheet.
- F. ID 15-053 Certain Public Power Utilities: Competitive Matters - Under Texas Government Code, Section 551.086. Receive a presentation from Denton Municipal Electric ("DME") staff regarding certain public power competitive, financial and commercial information relating to issues regarding purchased power pricing and other public power information that is contained in that certain "Power Purchase Agreement" by and between DME and the Texas Woman's University. Discuss, deliberate, consider, and take final action regarding an ordinance approving said "Power Purchase Agreement."

In accordance with the provisions of §551.086 of the Texas Government Code, after due public notice being given, the City Council, a "Public Power Utility Governing Body" under Senate Bill 7, discussed, deliberated, and considered the Transaction, the subject of this ordinance, in a Closed Meeting of the City Council on the 3rd day of February, 2015, after being advised by its legal counsel, that the consideration of the Transaction which is the subject of this ordinance, is

related to competitive electric matters, including business and commercial information, which if disclosed, would give advantage to its competitors or prospective competitors.

The following ordinance was considered:

Ordinance No. 2015-030

An ordinance of the City Council of the City of Denton, Texas providing for, authorizing, and approving the execution by the City Manager of a power purchase agreement by and between the City of Denton, Texas and the Texas Woman's University; approving the execution of such other and further related documents, including, without limitation, certificates, assignments, licenses, directions, instruments, instructions, confirmations and statements by the City Manager or his designee, which are incident or related thereto, as shall be reasonably determined by the City Attorney or her designee; confirming and ratifying that the City of Denton, Texas, its Mayor, its City Council members, its City Manager, and its City Attorney or her designee shall be authorized and empowered to perform such acts and obligations as are reasonably required to consummate this transaction; ratifying all prior actions taken by the City Council in furtherance of the foregoing transaction; and determining that the power purchase agreement and other said documents pertain to a "competitive electric matter" as set forth under the provisions of §§551.086 and 552.133 of the Texas Government Code, as amended; finding and determining that Texas Government Code §252.022(a)(15) applies to said agreement; adopting significant recitations, findings and conclusions, as are set forth in the preamble of this ordinance; that the sale of energy, and other related arrangements made by the city under the terms of this power purchase agreement are in the public welfare; authorizing the expenditure of funds therefor; providing for retroactive ratification, confirmation and approval thereof; providing for an effective date.

Council Member Gregory motioned, Council Member Hawkins seconded to adopt the ordinance. On roll call vote, Mayor Pro Tem Engelbrecht "aye", Council Member Gregory "aye", Council Member Hawkins "aye", Council Member Johnson "aye", Council Member Roden "aye", Council Member Ryan "aye", and Mayor Watts "aye". Motion carried unanimously.

G. ID 15-108 Deliberations regarding Real Property - Under Texas Government Code, Section 551.072; Deliberations regarding Consultation with the City Attorney - Under Texas Government Code, Section 551.071; Deliberations regarding Economic Development Negotiations - Under Texas Government Code, Section 551.087. Receive a report and hold a discussion regarding legal and economic development issues regarding economic development incentives for a business prospective in the Cole Ranch Development. This discussion shall include commercial and financial information the City Council may receive from the business owners which the City seeks to have locate, stay, or expand in or near the territory of the City, and with which the City Council is conducting economic development negotiations, including the offer of financial or other incentives. Also deliberate the purchase, exchange, lease, or value of real property where deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third party. Also hold a discussion with the City's attorneys on the referenced topic where the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the provisions of

the Texas Open Meetings Act, Chapter 551 of the Texas Government Code.

- H. ID 15-106 Certain Public Power Utilities: Competitive Matters - Under Texas Government Code Section 551.86; Consultation with Attorneys - Under Texas Government Code, Section 551.071. Receive a presentation regarding provisions contained in Denton Municipal Electric Purchase Power Agreements; discuss, deliberate and provide staff with direction.
- I. ID 15-107 Consultation with Attorneys - Under Texas Government Code, Section 551.071. Consult with and provide direction to City's attorneys regarding legal issues and strategies associated with the current Gas Well Ordinance, and proposed Gas Well Ordinance amendment, regulation of gas well drilling and production within the City Limits and the extraterritorial jurisdiction, including: Constitutional limitations, statutory limitations upon municipal regulatory authority; statutory preemption and vested rights; impacts of federal and state law and regulations; impacts of gas well drilling upon protected uses and vice-versa; current and proposed extension to, moratorium on drilling and production; other concerns about municipal regulatory authority or matters relating to enforcement of the Gas Well Ordinance, both current and proposed; settlement matters concerning gas well drilling in the City; surface development issues involving surface and mineral estates; and legal matters associated with a citizen's initiative ordinance and pending litigation styled Jerry Patterson, Commissioner, Texas General Land Office v. City of Denton Texas, Cause No. D-1-GN-14-004628 currently pending in the 53rd District Court of Travis County and Texas Oil and Gas Association v. City of Denton, Cause No. 14-09833-431 currently pending in the 431st District Court of Denton County regarding hydraulic fracturing where a public discussion of these legal matters would conflict with the duty of the City's attorneys under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas.
- J. ID 15-124 Consultation with Attorneys - Under Texas Government Code §551.071. Consult with the City's Attorneys on the status, strategy, and potential resolution of litigation styled, Bishop v. City of Denton, Texas and Darius M. Porter, Cause No. 4:14-CV-608, currently pending in the US District Court for the Eastern District of Texas, Sherman Division.

Regular Meeting of the City of Denton City Council at 6:30 p.m. in the Council Chambers at City Hall, 215 E. McKinney Street, Denton, Texas.

1. PLEDGE OF ALLEGIANCE

The Council and members of the audience recited the Pledge of Allegiance to the U. S. and Texas flags.

2. PROCLAMATIONS/PRESENTATIONS

- A. ID 15-060 National Wear Red Day Proclamation

Mayor Watts presented the proclamation for National Wear Red Day proclamation.

B. ID 15-112 Susan Frank Day Proclamation

Mayor Watts presented the proclamation for Susan Frank Day.

3. CITIZEN REPORTS

A. ID 15-055 Christopher Klabunde regarding visitation policy change for Denton County jail.

Mr. Klabunde was not present at the meeting.

4. CONSENT AGENDA

Council Member Hawkins motioned, Mayor Pro Tem Engelbrecht seconded to adopt the Consent Agenda and accompanying ordinances and resolutions. On roll call vote, Mayor Pro Tem Engelbrecht "aye", Council Member Gregory "aye", Council Member Hawkins "aye", Council Member Johnson "aye", Council Member Roden "aye", Council Member Ryan "aye", and Mayor Watts "aye". Motion carried unanimously.

Approved the minutes listed below.

A. ID 15-026 Consider approval of the minutes of December 1, December 2, December 9, and December 16, 2014.

Resolution No. R2015-002

B. ID 15-034 Consider approval of a resolution adopting Texas Business Code, Subtitle B, Chapter 322, "The Uniform Electronic Transactions Act" to permit electronic signatures on certain documents entered into by and between the City and other parties as a city policy; a resolution adopting the provisions of Texas Local Government Code, Section 252.0415, establishing a city policy regarding procedures for the receipt of electronic bids and proposals; providing that all bonds and negotiable instruments tendered to the City, or by the City in satisfaction of or as evidence of obligations shall bear original signatures; and providing that the City Council in its sound discretion, may require original signatures on certain other documents in the best interests of the City; providing for the later modification of the policies by the City Manager as deemed necessary; and declaring an effective date.

Ordinance No. 2015-014

C. ID 15-051 Consider adoption of an ordinance of the City of Denton, Texas authorizing the City Manager to make an application with the Texas Department of Housing and Community Affairs (TDHCA) Emergency Solutions Grant (ESG) and take all other actions necessary to obtain and implement the program; and providing for an effective date.

Ordinance No. 2015-015

- D. ID 15-071 Consider adoption of an ordinance of the City of Denton, Texas authorizing the City Manager, or his designee, to accept a counteroffer from Richard Woods for the purchase by the City of a 2.112 acre tract of land being generally situated in the Alexander Hill Survey, Abstract No. 623, City of Denton, Denton County, Texas, generally located in the 1200 block of S. Locust St., for the public use of expansion, construction, operation, maintenance, augmentation, and improvement of electric transmission and distribution lines, facilities, structures, And substations for the price of Five Hundred Seventy Five Thousand Dollars and 00/100 cents (\$575,000); authorizing the expenditure of funds; and providing an effective date.

Resolution No. R2015-003

- E. ID 15-079 Consider approval of a resolution creating a special five (5) member Oversight Committee to monitor, evaluate, and report on progress of the six year Capital Improvement Program approved by the voters at the bond election on November 4, 2014, appointing committee members, and providing an effective date.

Ordinance No. 2015-016

- F. ID 15-085 Consider adoption of an ordinance of the City of Denton authorizing the City Manager or his designee to execute a contract through the Buy Board Cooperative Purchasing Network for the acquisition of one (1) haul truck and one (1) ejecto bed chassis for the City of Denton Street Department; and providing an effective date (File 5736-awarded to Rush Truck Center, Crane in the amount of \$250,334).

Ordinance No. 2015-017

- G. ID 15-086 Consider adoption of an ordinance of the City of Denton authorizing the City Manager or his designee to execute a contract through the National Intergovernmental Purchasing Alliance (National IPA) for the purchase of gasoline and diesel fuels for the City of Denton as awarded by City of Fort Worth Contract# 14-0121; and providing an effective date (File 5750-Purchase of Gasoline and Diesel Fuels awarded to Martin Eagle Oil Company, Inc. in the three (3) year estimated amount of \$12,500,000).

Ordinance No. 2015-018

- H. ID 15-087 Consider adoption of an ordinance authorizing the City Manager to execute an Interlocal Agreement with Denton County under Section 791.001 of the State of Texas Government Code, to authorize Denton County to purchase pavement marking services from the City of Denton at a cost of Thirteen Thousand Eight Hundred Seventy Five and 0/100 Dollars (\$13,875.00); authorizing the expenditure of funds therefor; and declaring an effective date (File 5740-Interlocal Agreement with Denton County for Pavement Marking Services).

Ordinance No. 2015-019

- I. ID 15-088 Consider adoption of an ordinance of the City of Denton, Texas authorizing the approval of a First Amendment to a contract with Jagoe-Public

Company for asphalt and concrete street sections and repair services; providing for the expenditure of funds therefor; and providing an effective date (Bid 4974-providing for an additional expenditure amount of \$1,875,000 with the total contract amount not-to-exceed \$9,375,000).

Ordinance No. 2015-020

- J. ID 15-089 Consider adoption of an ordinance of the City of Denton, Texas authorizing the City Manager to execute a Professional Services Agreement for engineering services in support of developing a Manual for the Control, Operation, and Maintenance of Zebra Mussels within waterways serving the City of Denton, Texas; providing for the expenditure of funds therefor; and providing an effective date (File 5643-awarded to ARCADIS-US, Inc. in the not-to-exceed amount of \$148,623). The Public Utilities Board recommends approval (5-0).

Ordinance No. 2015-021

- K. ID 15-090 Consider adoption of an ordinance authorizing the City Manager to execute Change Order Number One to the contract between the City of Denton and Quality Excavation, LTD; providing for the expenditure of funds therefor; and providing an effective date (Bid 5515- Change Order Number One in the amount of \$53,004 for a total contract award of \$970,528.50). The Public Utilities Board recommends approval (5-0).

Ordinance No. 2015-022

- L. ID 15-091 Consider adoption of an ordinance of the City of Denton authorizing the City Manager or his designee to execute a contract through the State of Texas Smart Buy Program for the purchase of one (1) Ford F650 chassis with a Knapheide utility body for the City of Denton Water Treatment Department as awarded by the State of Texas Contract 071-072-AT 2014; and providing an effective date (File 5722-awarded to Sam Pack's Five Star Ford in the amount of \$112,640.45). The Public Utilities Board recommends approval (5-0).

Ordinance No. 2015-023

- M. ID 15-104 Consider adoption of an ordinance of the City of Denton, Texas, approving the Real Property conveyance of the Downtown Denton Transit Center from the City to the Denton County Transportation Authority (DCTA) in accordance with the terms of the Interlocal Cooperation Agreement between the City and DCTA (Ordinance No. 2008-098); and providing an effective date.

Ordinance No. 2015-024

- N. ID 15-105 Consider adoption of an ordinance authorizing the City Manager or his designee to execute a Contract of Sale, by and between the City of Denton, Texas ("CITY"), as Buyer, and Linda Maria Casias Roth (the "OWNER"), as Seller, to acquire fee simple to a 0.2714 acre tract situated in the Robert Beaumont Survey, Abstract No. 31, located in the City of Denton, Denton County, Texas, and being generally located at 1224 North Bonnie Brae Street; for the purchase price of one hundred thirty seven thousand five hundred dollars and no cents (\$137,500.00), and

other consideration, as prescribed in the Contract of Sale (the "AGREEMENT"), as attached hereto and made a part hereof as Exhibit "A"; authorizing the expenditure of funds therefor; and providing an effective date. (Future Hickory to U.S. 380 Transmission Line Upgrade Project).

Ordinance No. 2015-025

O. ID 15-114 Consider adoption of an ordinance of the City of Denton, Texas, appointing Gregory L. Bertrand as Assistant Judge for the City of Denton Municipal Court of Record; appointing Dennis Engler as Assistant Judge for the City of Denton Municipal Court of Record; appointing Alison J. Grant as Assistant Judge for the City of Denton Municipal Court of Record; appointing Brian S. Holman as Assistant Judge for the City of Denton Municipal Court of Record appointing James Horton as Assistant Judge for the City of Denton Municipal Court of Record; establishing terms of office for municipal judges in accordance with applicable state statutes; providing for renewal and extension of terms absent specific action by Council; authorizing the Mayor to execute a contract for term of office; ratifying terms of contract; and declaring an effective date.

5. ITEMS FOR INDIVIDUAL CONSIDERATION

Ordinance No. 2015-026

A. CA11-0004f Consider adoption of an ordinance of the City of Denton, Texas, adopting the update to the City of Denton's Comprehensive Plan; and providing an effective date. (CA11-0004) The Planning and Zoning Commission recommends approval of this request with conditions (5-2). This item was continued from the January 6, 2015 meeting.

Ron Menguita, Development Review Coordinator, reviewed the background of the project schedule. He had presented information on the proposed conditions during the City Council Work Session.

Condition #47 - consensus was that currently there was language already in the Plan and this condition would have no action.

Condition #59 - was added for a Walk Friendly Community Condition.

Condition #60 - language was revised to address the Downtown area and was revised under neighborhood/university compatibility area.

Condition #61 - was revised to indicate the need to maintain utility infrastructure when necessary.

Condition #4 - wording was revised to work with the various Chambers of Commerce and the Convention and Visitors Bureau.

Condition #20 - wording was revised to "explore" rental housing and multi-family inspection and inspection programs.

Condition #50 – wording was revised to “explore” green building standards.

A comment Card was submitted by Michele Lynn, 1401 Egan, Denton, in favor of the proposal.

Council Member Gregory motioned, Council Member Hawkins seconded to adopt the ordinance. On roll call vote, Mayor Pro Tem Engelbrecht "aye", Council Member Gregory "aye", Council Member Hawkins "aye", Council Member Johnson "aye", Council Member Roden "aye", Council Member Ryan "aye", and Mayor Watts "aye". Motion carried unanimously.

6. PUBLIC HEARINGS

Ordinance No. 2015-027

A. HL14-0011 Hold a public hearing and consider an ordinance of the City of Denton, Texas, designating the property located at 801 West Oak Street, legally known as Lot 8 (PT) of the McKennon Addition, as a historic landmark under Section 35.7.6 of the Denton Development Code; providing for a penalty in the maximum amount of \$2,000.00 for violations thereof, severability and an effective date. The Planning and Zoning Commission recommends approval 7-0. (HL14-0011)

Brian Lockley, Director of Planning and Development, presented the details of the request. He indicated that this was a request for a historic landmark designation at 801 W. Oak Street. He presented the location map, site photos, criteria for approval which the proposal met, and notification map. The Historic Landmark Commission and the Planning and Zoning Commission recommended approval.

The Mayor opened the public hearing. He noted that a Comment Card had been submitted by John and Donna Morris, 918 W. Oak, Denton, in support of the designation.

Greg and Jane Naugher, 801 W Oak, Denton, 76201 – spoke in support.

Council Member Roden asked how the application process worked for them.

Naugher stated that they had help with the process and help on what needed to be included in the application which was very helpful. He did not have any specific suggestions.

Randy Hunt, 722 West Oak, Denton, 76201 - spoke in favor.

Michelle Lynn, 1401 Egan, Denton, 76201 - spoke in favor.

Lynde Dodd, 612 Pearl, Denton, 76201 – spoke in favor.

The Mayor closed the public hearing.

Council discussed the placing of the historic marker on the home and who paid for that cost. The homeowner who was seeking the designation paid for the marker.

Council Member Johnson suggested that the City purchase the plaque for the buildings.

Mayor Watts indicated that could be a part of the motion to approve the ordinance.

Council Member Roden motioned, Council Member Hawkins seconded to adopt the ordinance and to have the City provide the historical marker at the City's expense. On roll call vote, Mayor Pro Tem Engelbrecht "aye", Council Member Gregory "aye", Council Member Hawkins "aye", Council Member Johnson "aye", Council Member Roden "aye", Council Member Ryan "aye", and Mayor Watts "aye". Motion carried unanimously.

Ordinance No. 2015-028

B. HL14-0014 Hold a public hearing and consider an ordinance of the City of Denton, Texas, designating the property located at 912 West Oak Street, legally known as Lot 1 (E 41'), Block 1, Mounts Addition, as a historic landmark under Section 35.7.6 of the Denton Development Code; providing for a penalty in the maximum amount of \$2,000.00 for violations thereof, severability and an effective date. The Planning and Zoning Commission recommends approval 7-0. (HL14-0014)

Brian Lockley, Director of Planning and Development, stated that this was a request for a historic landmark designation for the property at 912 W. Oak. He presented the location map, site photos, criteria for approval which the proposal met, and the notification map. The Historic Landmark Commission and the Planning and Zoning Commission recommended approval.

The Mayor opened the public hearing. He noted that a Comment Card in support of the designation had been submitted by John and Donna Morris, 918 W. Oak, Denton.

John Wright, 912 W. Oak, Denton – property owner, spoke in support.

The Mayor closed the public hearing.

Council Member Johnson motioned, Council Member Gregory seconded to adopt the ordinance and to have the City provide the historical marker at the City's expense. On roll call vote, Mayor Pro Tem Engelbrecht "aye", Council Member Gregory "aye", Council Member Hawkins "aye", Council Member Johnson "aye", Council Member Roden "aye", Council Member Ryan "aye", and Mayor Watts "aye". Motion carried unanimously.

Ordinance No. 2015-029

C. HL14-0015 Hold a public hearing and consider an ordinance of the City of Denton, Texas, designating the property located at 924 West Oak Street, legally known as Lot 2 (E65'), Block 1, Mounts Addition, as a historic landmark under Section 35.7.6 of the Denton Development Code; providing for a penalty in the maximum amount of \$2,000.00 for violations thereof, severability and an effective date. The Planning and Zoning Commission recommends approval 7-0. (HL14-0015)

Brian Lockley, Director of Planning and Development, presented details for the request for a historical landmark designation for 924 W. Oak. He presented the location map, site photos, criteria for approval which the proposal met, and notification map. The Historic Landmark Commission and the Planning and Zoning Commission recommended approval.

The Mayor opened the public hearing. He noted that a Comment Card in support of the designation had been submitted by John and Donna Morris, 918 W. Oak, Denton.

Mary Anderson, 924 W. Oak, Denton – spoke in favor.
Randy Hunt, 722 West Oak, Denton, 76201 - spoke in favor.

The Mayor closed the public hearing.

Mayor Pro Tem Engelbrecht motioned, Council Member Ryan seconded to adopt the ordinance and to have the City provide the historical marker at the City's expense. On roll call vote, Mayor Pro Tem Engelbrecht "aye", Council Member Gregory "aye", Council Member Hawkins "aye", Council Member Johnson "aye", Council Member Roden "aye", Council Member Ryan "aye", and Mayor Watts "aye". Motion carried unanimously.

7. CONCLUDING ITEMS

A. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the City Council or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

Mayor Watts requested a Work Session with the new Bike Coordinator regarding bicycle safety regulations.

Mayor Watts requested an Informal Staff Report regarding the conveyance of plats.

Mayor Watts requested an Informal Staff Report regarding outside entities that did not moved their lines to new city power poles.

B. Possible Continuation of Closed Meeting under Sections 551.071-551.086 of the Texas Open Meetings Act.

Mayor Watts announced that the Council would be returning to the Closed Meeting at 7:40 p.m. to consider Item 1.J. from the Closed Meeting Items.

The Council returned to Open Session and with no further business, the meeting was adjourned at 9:15 p.m.

CHRIS WATTS
MAYOR
CITY OF DENTON, TEXAS

JENNIFER WALTERS
CITY SECRETARY
CITY OF DENTON, TEXAS

APPENDIX 4

**INFORMAL STAFF REPORT
TO MAYOR AND CITY COUNCIL**

SUBJECT:

This report summarizes the Return on Investment during 2014-2016 from The Denton Parks Foundation, a 501(c)(3) non-profit organization.

BACKGROUND:

On April 26, 2016, the Parks and Recreation Department presented their Annual Report to City Council. In conjunction with this presentation, City Council members requested Parks and Recreation provide supplemental information by way of an Informal Staff Report to detail the Return on Investment (ROI) produced by the City's three-year contribution of \$35,000 annually, for the Denton Parks Foundation Executive Director's salary. The intent behind the initial investment was to grow the Foundation and support aggressive fundraising to sponsor projects that would typically compete for City Capital Improvement Program funds. From 2011 through 2013, prior to the funding of the Executive Director position, the Denton Parks Foundation raised approximately \$144,000.

DISCUSSION:

During the three year period of 2014-2016, the Denton Parks Foundation has increased fundraising efforts which directly contributed to the completion of the Eureka 2 playground, and other Parks and Recreation projects.

- In 2014, the Denton Parks Foundation raised \$106,867 which produced a return on investment of \$3.05 for every dollar invested by the City of Denton.
- In 2015, the Denton Parks Foundation raised \$552,183 which produced a return on investment of \$15.78 for every dollar invested by the City of Denton.
- In 2016, the Denton Parks Foundation is projected to raise \$148,700 which will produce a return on investment of \$4.25 for every dollar invested by the City of Denton.
- In 2017, the Denton Parks Foundation is requesting an increase of the City's Investment from \$35,000 to \$77,000, for salary and administrative support. The Denton Parks Foundation is proposing to raise \$235,000 which would produce a return on investment of \$3.05 for every dollar invested

ATTACHMENT(S):

Return on Investment Spreadsheet

STAFF CONTACT:

Emerson Vorel
Director of Parks and Recreation
City of Denton

CITY OF DENTON RETURN ON INVESTMENT DENTON PARKS FOUNDATION EXECUTIVE DIRECTOR

City Investment Total \$ Raised

